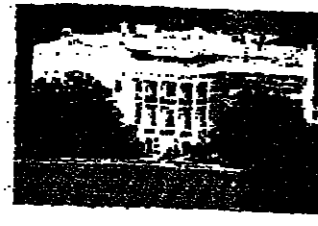


FINANCIAL TIMES



Primary Colors
Washington's
best kept secret

Jurek Martin, Page 10



The pulp market
Bungee jumping
without a cord

Page 13

UK trade unions
Turning their backs
on history

Page 7



Singapore
Journey without
ending

Survey, Separate Section

World Business Newspaper

THURSDAY FEBRUARY 8 1996

Charter jet crash kills 189 in Caribbean

A Boeing 757 charter jet carrying 189 people, most of them German tourists, crashed soon after takeoff from the Dominican Republic in the Caribbean. All those aboard the German-bound flight were feared dead at least 45 bodies were recovered. Rescuers spotted empty life rafts and saw sharks circling the wreckage. The aircraft's Turkish owners and the head of the German company that organised the holiday said Dominican officials had told them the crash might have been caused by lightning. Page 3

Dublin suggests N Ireland talks move



The Dublin government yesterday proposed a Dayton-style conference to move Northern Ireland's political parties towards all-party talks. The surprise announcement by Irish deputy prime minister Dick Spring (left) came after talks with Sir Patrick Mayhew, Britain's Northern Ireland secretary. It received a cool response from UK ministers and a furious one from pro-British parties in the province. Page 12; Optimism on ceasefire, Page 6

Videotron bows out Videotron, the big Canadian cable TV group, is trying to sell its 56 per cent stake in Videotron Holdings, the UK cable company. Page 6

BT's German venture to cost £1.3bn in British Telecommunications and big German industrial groups RWE and Viag plan to spend DM3bn-DM4bn (\$2bn-\$2.7bn) building a German telephone network over the next four or five years. Page 13; Price cap, Page 8; Lex, Page 12

Split over Eurotunnel: Bankers owed £2bn (\$1.2bn) by Eurotunnel are split over whether to take a hard line in negotiations over the Channel tunnel operator's crucial refinancing. Page 13

Airbus plans 'superjumbo': Europe's Airbus Industrie consortium, keen to compete in the big aircraft market with Boeing of the US, announced plans to launch its own 'superjumbo' jet in the next two years. Codenamed A3XX, it would carry 550 passengers.

Aftershocks jolt Lijiang: People in the Lijiang region of China's Yunnan province were warned not to go home as a series of aftershocks toppled houses first damaged in an earthquake which claimed 255 lives last week.

UN seeks \$100m for Sudan: The United Nations appealed for over \$100m to help about 4.5m people who risk starvation in Sudan's intensifying civil war.

CFCs 'guilty' over ozone layer: US space scientists at NASA say chlorofluorocarbons are guilty "beyond reasonable doubt" of destroying the earth's ozone layer and letting in damaging ultraviolet light.

Sears Roebuck: The biggest US department store group shrugged off retail sector gloom with a 27.6 per cent jump in underlying net profits to \$465m in the fourth quarter. Page 13

Tigers attack: Separatist Tamil Tiger guerrillas killed 11 Sri Lankan soldiers in the east of the country. The attack was the first big rebel strike in the east since a bomb killed more than 80 people in the capital Colombo last Wednesday.

Ex-officer held: Retired Russian naval officer Alexander Nikitin, who collected information on the dangers of nuclear waste for a Norwegian environmental group, was arrested in St Petersburg for alleged spying, the Oslo-based Bellona Foundation said.

High art: A group of Bulgarian musicians and actors plans to stage the world's highest concert on Mount Everest - provided it can find sponsors.

CHRISTOPHER LORENZ
Christopher Lorenz, FT management editor since 1977, died yesterday at the age of 49 after a long illness. An appreciation of his life and work will appear tomorrow.

STOCK MARKET INDICES		GOLD	
New York: Dow Jones Ind. A. 5,488.16 (-1.45)	New York: Comex (Apr) \$411.40 (414.5)	London: Gold price \$312.25 (\$11.0)	
NASDAQ Composite 1,081.59 (-7.49)			
Europe and Far East			
DAIYO 1,862.29 (-5.18)			
CAC40 2,446.18 (-17.88)			
FTSE 100 3,728.1 (-21.4)			
Nikkei 20,943.49 (-192.34)			
US LUNCHTIME RATES		DOLLAR	
Federal Funds 5.1%	New York: Lintas 1.336		
3-month Treas. Bill: 4.54%	DM 1.477		
Long bond 6.17%	SFR 1.5075		
Yield 6.17%	Y 106.026		
OTHER RATES		STERLING	
UK 3-mo Interbank 5.1%	London: £ 1.5379 (1.5404)		
UK 10 yr Gilt 8.2%	DM 1.4773 (1.4718)		
France: 10 yr OAT 7.054 (7.053)	SFR 5.6743 (5.6768)		
Germany: 10 yr Bund 8.96 (8.953)	Y 1.2084 (1.2015)		
Japan: 10 yr JGB 7.1743 (7.1724)	Y 106.026 (105.57)		
NORTH SEA OIL (Argus)			
Brent 15-day (Mar) \$16.56 (16.62)	Tokyo close: Y 105.95		

Tokyo finance ministry under threat

By William Dawkins in Tokyo

Japan's PM approves first study into possible break-up

Mr Ryutaro Hashimoto, the Japanese prime minister, yesterday gave his assent to a government study into the possible break-up of Tokyo's finance ministry, the most powerful bureaucracy in the industrialised world. The move will expose the centre of financial power in the world's second largest economy to detailed official scrutiny for the first time. The ministry's critics allege it has inappropriately wide powers.

covering budget, taxation, banking, the securities industry and customs, in contrast to other industrialised countries which keep some or all of these functions in separate bureaucracies. Mr Hashimoto, responding to pressure from younger members of his ruling Liberal Democratic party and the opposition to curb the scope of the ministry's power, said: "Such discussion will be needed... I am aware of the problem."

Until yesterday, the Japanese leader had been non-committal on the subject, sensitive to powerful older members of the LDP who are eager to preserve their close ties with the bureaucracy. But Mr Hashimoto's hand appears to have been forced by mounting criticism of an unpopular plan to use public cash to liquidate bankrupt housing loan companies, or *jisens*.

The attack came to a head on Tuesday when three cabinet ministers called for the ministry to be reorganised to reduce the risk of future financial calamities. The finance ministry's wide powers date from its foundation in 1869 as the architect of Japan's rapid industrialisation. During the post-war years, the ministry was able to mobilise public savings and channel low cost funds to strategic industries, while sheltering them from foreign competition.

The main option being discussed by the LDP is to shift the ministry's banking, securities and international finance bureaux into a separate agency - the suggestion of Mr Koichi Kato, the party's secretary-general. Political analysts in Tokyo

Continued on Page 12

Closer links with NEC and Bull

Packard Bell pacts signal global shake-up

By Louise Kehoe in California, David Buchanan in Paris and Michiyo Nakamoto in Tokyo

A restructuring of the worldwide \$120bn-a-year personal computer industry appeared likely yesterday after Packard Bell, the leading US supplier of home computers, announced a significant extension of its links with manufacturers in Europe and Japan. Packard Bell will receive a cash injection of \$283m from NEC of Japan and will acquire the assets of Zenith Data Systems, the struggling PC subsidiary of France's Groupe Bull, valued at \$367m.

The US company, which is privately owned, did not reveal all details of the agreement. However, both NEC and Groupe Bull will receive non-voting preferred shares in Packard Bell. NEC and Groupe Bull already each hold 19.9 per cent stakes in Packard Bell, and NEC holds a 17 per cent stake in Bull, so the agreement represents an expansion of earlier alliances between the three.



Brussels shelves portable pensions proposals

By Emma Tucker in Brussels

The European Commission yesterday shelved proposals to make occupational pensions portable within the EU in a decision which highlights the reluctance of Brussels to challenge member countries on sensitive issues. The failure to agree on early legislation to cover cross-border transfers of occupational pensions was seen by some officials as a setback for freedom of movement by workers within the EU. "This is not an area that the Commission should be entering into at this stage," one commissioner said.

Opposition was led by Germany, which is worried that EU-wide laws would require changes to a pension system intended to encourage company loyalty. In Germany, workers have to wait 10 years to qualify for most company pension schemes. There is now no mechanism to allow a worker moving from one country to another to maintain or transfer a private pension. The result is that workers lose benefits and finish their careers with significantly reduced entitlements if they switch countries.

Mr Padraig Flynn, the commissioner for social affairs, had wanted Commission approval yesterday to begin drafting

Continued on Page 12

Fierce battle likely for UK's second largest pharmacy chain

By Peggy Hollinger in London

Gehe of Germany, Europe's largest drugs wholesaler, yesterday launched a £584m (\$899m) cash bid for Britain's second biggest pharmacy retailer, Lloyds Chemists. Its move followed a £326m cash and share bid from the British company UniChem. A fierce battle is now likely between the two groups. UniChem, which had hoped to forge the UK's largest pharmacy chain by merging Lloyds' 924 outlets with its 424, is widely expected to increase its offer.

where in Europe. Margins were also higher in the retail division than in wholesaling. However, the market was last night expecting that UniChem would not abandon its bid. Analysts suggested it could not afford to lose. They said Gehe would gain a key foothold in a market where future growth could be restricted by increasingly tight government price regimes. Investors were also waiting for a bid battle to unfold, saying that if UniChem responded, they expected Gehe to retaliate. "Whoever loses will be really hard pressed," said one substantial investor. "That is why we can imagine people paying up."

This announcement appears as a matter of record only

ASSA ABLOY has acquired **ESSEX Holdings, Inc.** for a consideration of **USD 170 million**

The undersigned acted in affiliation as exclusive financial advisers to ASSA ABLOY

Enskilda Securities Skandinaviska Enskilda Banken **The Blackstone Group**

January 1996

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Israel rejects claim that kibbutz debt errors threaten banking system

By Julian Ozzanne in Jerusalem

Israel's central bank yesterday denied that the country's big commercial banks might face collapse because they miscalculated debts owed by the kibbutzim, or collective farms.

Kibbutzim, which played an important role in the creation of the Jewish state, began as agricultural collectives but have become more industrialised over the years. They have been plagued by poor management and high expenses in providing consumer comforts — more luxurious housing and the latest electronic goods — to try to retain members.

participating in the privatisation of Bank Hapoalim, the country's largest. The central bank statement came after the publication of a report by a legal expert examining the debt history and accounts of individual kibbutzim. The expert's report, commissioned by the kibbutz movement, detailed individual cases of banking miscalculations and claimed that the errors nationwide were so serious that they could threaten the banking system.

Estimating current kibbutz debt at Shk15bn (€3.2bn), Mr Zeev Abeles, the central bank's supervisor of banks, said yesterday's reports "do not reflect reality in any way". He said the commercial banks had put aside enough in reserve to stay out of trouble. "These reserves represent a cushion for possible future losses and will also serve to weaken their possible impact on banks' profitability," he said.

problem by making a first debt relief arrangement for the kibbutzim of Shk5.8bn. However, it is unlikely the controversy will die down quickly. The kibbutzim have claimed that for years the commercial banks have incorrectly calculated accounts and accumulated millions of dollars, illegally compounding kibbutzim debt. Independent consumer banking groups have also charged that individual

citizens have been victim to gross miscalculations on their personal accounts. While the central bank and finance ministry sought to play down the allegations, Mr Yacov Tsur, agriculture minister, backed the report's findings. He said evidence of poor accounting required a formal inquiry and he accused the central bank and treasury of seeking to avoid an inquiry in order to maintain the credibility of the banks.

Fitful Africa deepens donors' dilemma

Michael Holman says would-be friends will have found many elections but not much democracy

Once confidently hailed as Africa's decade of democracy, the 1990s are proving that the path to multi-party politics and market-driven economic policies is a bumpy one. Recent coups in Niger and Sierra Leone, unrest in Equatorial Guinea, the deepening crisis in Nigeria and the failure to restore order in Zaïre, Liberia, Sudan, Rwanda and other crippled sub-Saharan Africa states are the most obvious signs of stress.

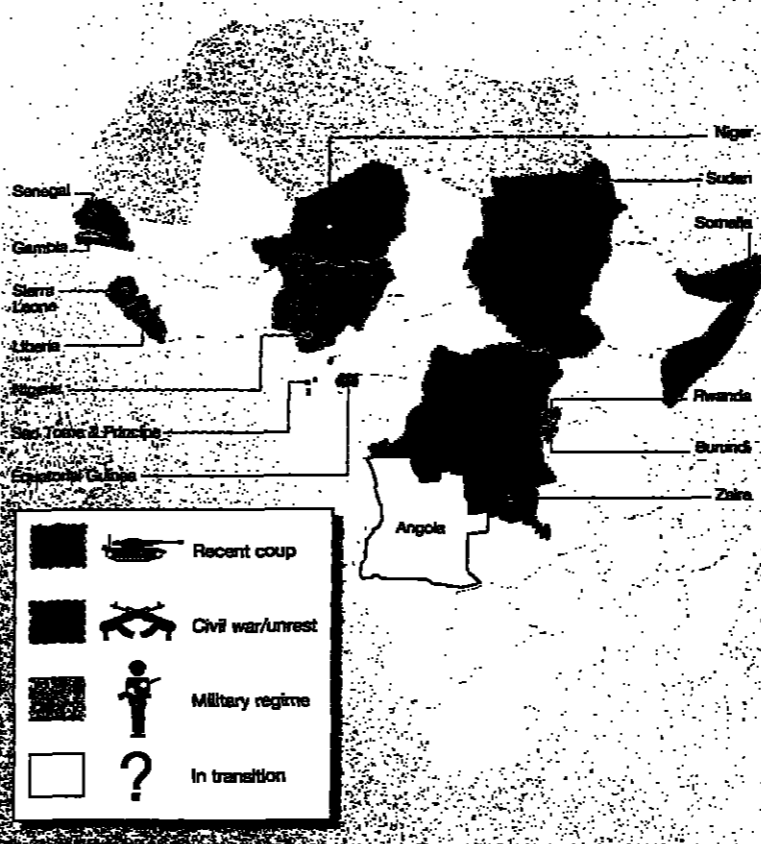
Or have the donors got their priorities wrong, forcing the continent to "follow mindlessly the present politically correct and stridently advocated view that democracy is the pre-condition for economic development", as Singapore's senior minister Lee Kuan Yew put it in a speech in 1993.

Elections have been held in 35 of 48 countries in sub-Saharan Africa

In 17 countries "these elections did not bring about significant change in the direction of democracy", argues Dr Marina Ottaway, visiting professor of African Studies at Georgetown University, Washington.

hand in hand with political change, the link is not borne out by the Asian experience, as Mr Lee pointed out. Nor, he could add three years later, is it self-evident in Africa either. It was Ghana which blazed the African economic reform trail in the early 1980s, making it the World Bank role model, a status enhanced when the military government of Jerry Rawlings held multi-party elections in 1992.

The battle for democracy south of the Sahara



They are also divided within their own ranks, and often inconsistent in their approach, making multi-party politics a condition of aid to Kenya, but not Uganda, for example. Critics also point out that the same donors have not allowed human rights to stand in the way of increased trade with China.

INTERNATIONAL NEWS DIGEST

Iraq restores power to Kurds

The Iraqi government, in a bid to mend fences with its Kurdish rebels, will resume the supply of electricity to its northern provinces, the government newspaper al-Jumhuriya reported yesterday.

Sun City in political gamble

The government of North West province, formerly the South African "homeland" of Bophuthatswana, has joined forces with Sun International, owners of the Sun City resort and other casino, to preserve its share of profits from gambling resorts licensed during the apartheid era.

Lebanon to curb broadcasters

The Lebanese government decided yesterday to close down dozens of private television and radio stations which have flourished since the 1975-90 civil war.

Thais to begin talks on power supplies

By Ted Bardacke in Bangkok

Thailand's state-owned Electricity Generating Authority yesterday announced a further step towards privatisation, the largest of its kind in Asia, saying it would start talks with two international consortia to supply up to 1,400MW of power by the year 2000.

Rolls-Royce wins more Asian orders

By Michael Stapinker in Singapore

Rolls-Royce of the UK continued its run of Asian successes yesterday by announcing that Singapore Aircraft Leasing Enterprise (Sale) had chosen its Trent 800 engines to power six Boeing 777s.

the order was worth \$150m. Although Rolls-Royce last year won the contract from Singapore Airlines to provide engines for 61 Boeing 777s, yesterday's Sale order was not a foregone conclusion.

777s would depend on the wishes of the airlines which planned to fly the aircraft. Sale has options on another 10 Boeing 777s but has made no decision on engines for these.

engines for Boeing 777s operated by Malaysia Airlines, Cathay Pacific and Thai Airways International. The decision takes the Trent's market share on the Boeing 777 to 36 per cent.

dian companies Westcoast Power and Atlantic Packaging. Reuter reports from Singapore.

US lets shipping trade talks gently sink

An election year is no time to make headway on liberalisation, writes Guy de Jonquieres

Less than six months before they are due to be concluded, negotiations aimed at liberalising world merchant shipping are floundering in a sea of troubles. Not only have the talks made little headway, but some observers are questioning whether they are really worth the effort.

The talks, in the World Trade Organisation, are among the unfinished business of the Uruguay Round, which launched them as part of a landmark agreement to extend global trade rules to services.

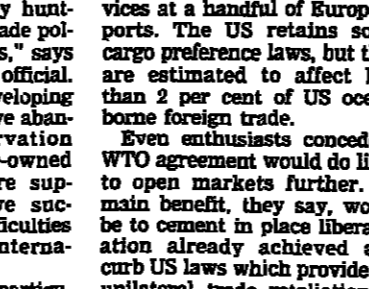
growing so fast that the WTO negotiations are irrelevant. "These talks are trophy hunting, designed to keep trade policy groups in business," says one European industry official.

that argument. However, it is resisted by other WTO members. Many view it as a smoke-screen for US delaying tactics, or as a back-door attempt to expand the negotiations to cover all types of surface transportation.

World shipping: where the weight is

Table with 2 columns: Country, % of world total. Data includes Greece (17.89), Japan (12.92), US (7.92), Norway (7.55), China (5.16), Hong Kong (4.46), UK (3.26), Russia (3.09), S.Korea (2.95), Germany (2.45).

Distribution by country group



WORLD TRADE NEWS DIGEST

BHP shrugs off sanctions threat

Broken Hill Proprietary, the large Australian resources group, yesterday played down a threat of sanctions against it in the US because of its involvement in a possible \$1.1bn (US\$740m) gas pipeline project between Iran and Pakistan.

Beijing pressed on oil refinery

Mr Chey Jong-hyon, chairman of South Korea's Sunkyong business group, yesterday met Mr Li Peng, the Chinese premier, in Beijing to seek final approval for a \$1.5bn oil refinery in Shenzhen. The refinery is the single largest South Korean investment in China since the two countries established diplomatic relations in 1992.

Bulgaria to modernise reactors

Bulgaria will call for tenders for the modernisation of its newest and largest reactors to improve their reliability and efficiency. Mr Roumen Ovcharov, deputy chairman of the Bulgarian energy committee, said the US Export-Import Bank was backing a \$250m programme by Westinghouse.

Fibre optic link for Puerto Rico

AT&T, the US telecoms giant, has joined Tricom and Codetel, two telecommunications companies in the Dominican Republic, in the construction of a \$80m fibre optic cable linking the country to neighbouring Puerto Rico.

مكتبة الرياض العامه

Japan may lift holding company ban

By Gerard Baker in Tokyo

Japan's ruling coalition yesterday began considering a proposed revision to the country's anti-monopoly legislation, intended to lift the 50-year ban on holding companies.

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Current account surplus down by 14.5%

By William Dawkins in Tokyo

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China-Vietnam rail links past and future

Two long-standing enemies are feeling their way towards a new relationship, writes Jeremy Grant

Next week, trains will rumble out of stations in Hanoi and Beijing, bound for the border between Vietnam and China for the first time since war severed rail links in 1975.



in oil exploration in disputed areas of the South China Sea, a potential flashpoint for Chinese-Vietnamese tensions.

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ASIA-PACIFIC NEWS DIGEST

India takes new action on rupee

India's central bank yesterday announced a package of measures aimed at halting the recent slide in the rupee, including scrapping a dollar credit scheme for exports and raising interest surcharges on loans to finance imports.

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Indonesia inflation above 10%

Indonesia's year-on-year inflation rate for January broke the 10 per cent barrier for the first time in three years, figures showed yesterday, but the economy registered a trade surplus for the first 11 months of 1995.

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Manila reserves at record as inflation fears revive

By Edward Luce in Manila

Philippine foreign exchange reserves have surged to record levels as a month-long trend of strong capital inflows revived fears of growing inflation.

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HK exchange assails financial watchdog

By Louise Lucas in Hong Kong

The Hong Kong Stock Exchange yesterday criticised the Securities and Futures Commission (SFC), the colony's financial watchdog, accusing it of overstepping its role.

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LEGAL NOTICES section containing various court notices and legal advertisements.

Travel advertisement for Business Travel 96, featuring the slogan 'What price a badly planned business trip?' and contact information.

BP Oil Europe advertisement for the European Retail Filling Station Construction Programme, detailing requirements and contact details.

November 1995	December 1995	November 1995	October 1995	April 1995	August 1995
ABN Amro Bank NV SFr 200 million, Bonds 1996-2002 Joint-Lead Manager Union Bank of Switzerland	B.A.T. International Finance plc £200 million, Sterling Bond due 2005 Joint-Lead Manager UBS Limited	Commerzbank Global Offering of 2,760,000 Ordinary Bearer Shares at DEM 320 each Co-Lead Manager Union Bank of Switzerland	Gambro AB Acquisition of REN Corporation-USA Financial Adviser UBS Securities Inc.	Kuoni Buy-back of 81,000 Shares from Kauffhof and Subsequent Secondary Placement in Total Value of SFr 150 million Adviser Union Bank of Switzerland	Lihir Gold Limited US\$300 million, 10 year Project Financing Facility Global Co-ordinator and Facility Agent Union Bank of Switzerland
December 1995 ACCOR S.A. FF 5 billion, Revolving Credit Facility Joint Arranger Union Bank of Switzerland	March 1995 The British Land Company PLC Placing and Open Offer of 61,333,691 Ordinary Shares at 352p each Joint-Lead Manager UBS Limited	July 1995 Compagnie UAP FF 4 billion, Revolving Credit Facility Joint Arranger Union Bank of Switzerland	March 1995 Glaxo Holdings plc £8.1 billion, 3 year M&A Funding for Takeover of Wellcome plc Co-Lead Manager Union Bank of Switzerland		
November 1995 adidas Global Offering of 31,395,000 Ordinary Shares at DEM 68 each Lead Financial Adviser and Joint Global Co-ordinator Union Bank of Switzerland	November 1995 The British Land Company PLC Placing and Open Offer of 61,567,719 Ordinary Shares at 370p each Joint-Lead Manager UBS Limited	October 1995 Continental DEM 200 million, Securitisation of Trade Receivables Sole Arranger Union Bank of Switzerland	May 1995 Glaxo Wellcome plc £500 million, 10 year Eurobond Joint-Lead Manager UBS Limited		
November 1995 Aeroporti di Roma Acquisition of Majority Stake by Cofiri & Partners B.V. Member of Investor Consortium UBS Capital B.V.	July 1995 Cedel Bank S.A. US\$1 billion, Revolving Credit Facility Joint Arranger Union Bank of Switzerland	September 1995 De Nationale Investeringsbank NV SFr 150 million, Bonds 1995-1998 Book Runner Union Bank of Switzerland	May 1995 Glaxo Wellcome plc US\$500 million, 5 year Eurobond Co-Lead Manager UBS Limited		
June 1995 AEW SFr 50 million, Straight Bond 1995-2005 Lead Manager Union Bank of Switzerland	November 1995 City of Salzburg Sale of 70% interest in Salzburger Sparkasse Bank AG ATS 1.911 billion Sole Financial Adviser Union Bank of Switzerland	June 1995 DePfa-Bank DEM 1 billion, 3 year Bond Issue Joint-Lead Manager and Joint Book Runner Union Bank of Switzerland	October 1995 Hanson US\$750 million, 10 year Yankee Co-Manager UBS Securities Inc.		
October 1995 Allgemeine Hypotheken Bank DEM 1 billion, Bearer Bonds (Öffentliche Pfandbriefe) of 1995-2002 Joint-Lead Manager and Joint Book Runner Union Bank of Switzerland	February 1995 City of Villach Sale of 32% interest in KELAG for ATS 1.85 billion Sole Financial Adviser Union Bank of Switzerland	September 1995 Eastern Group £2.5 billion, Acquisition by Hanson Joint Broker UBS Limited	April 1995 Holdercim FF 4.2 billion, Revolving Credit Facility Senior Lead Manager Union Bank of Switzerland		
October 1995 ASFINAG SFr 300 million, Bonds 1995-2003 Lead Manager Union Bank of Switzerland	June 1995 Clariant Global Offering of 4 million Registered Shares at SFr 385 each Joint Global Co-ordinator Union Bank of Switzerland	June 1995 Electricité de France US\$520 million, Revolving Credit Facility Joint Arranger Union Bank of Switzerland	February 1995 Kässbohrer Geländefahrzeug GmbH ("Pisten-Bully") Acquisition Finance of the Snow Grooming Division of Karl Kässbohrer Fahrzeugwerke GmbH Joint Arranger Union Bank of Switzerland		
July 1995 Banco Itaú US\$560 million, Purchase of Banco Francês e Brasileiro Adviser Union Bank of Switzerland	September 1995 Clariant SFr 150 million, Straight Bond Issue 1995-2000 Lead Manager Union Bank of Switzerland	May 1995 France Telecom Cogecom FF 1.5 billion, Revolving Credit Facility Sole Arranger Union Bank of Switzerland	October 1995 KLM Royal Dutch Airlines US\$700 million, Revolving Credit Facility Joint Arranger Union Bank of Switzerland		

When Europe
you're in safe h



The scope of these transactions emphasises the financial strength
Whatever the transaction, UBS has the reputation and placing
Market knowledge and timing, combined with demonstrabl

Banks think of us as their idea bank.

THE SUNDAY TELEGRAPH OCTOBER 15, 1995

THE GALLOPING BLACK HORSE

If someone had been loitering near Blackfriars Bridge on September 7, they would have discovered that the banking deal of the decade was about to take place. Shortly after 7pm, a black limousine pulled up outside the former City of London Boys School, now the London offices of JP Morgan. Out stepped Peter Ellwood, TSB's chief executive, who hurried inside.

A few minutes later he was followed by Sir Brian Pittman, his opposite number at Lloyds and the banking industry's greatest deal maker. They were heading for a meeting that would lead to their two banks, with 16m customers, 90,000 staff and £148bn in assets, joining forces.

JP Morgan surrounded the meeting with the highest security. It made sure that the two bank chiefs would arrive 15 minutes apart so that no one would see them together on the pavement. It chose a night when there were no other functions at the bank and the hospital rooms were deserted. Just to make sure, it cleared a floor for the dinner meeting. Pittman and Ellwood sat alone to eat in the

Hardly had it taken over Cheltenham & Gloucester than Lloyds Bank agreed a £148bn merger with TSB. Neil Bennett looks at the implications for the industry

ing their back office systems and wholesale business. That alone will boost earnings by 7p a year.

That is only if they are reluctant to accept job losses but the

tary's Room, to allow them to discuss the potential merger. After a few awkward moments, they hit it off famously. They discovered they share many of the same ideas about banking. Both wanted to concentrate on their core retail businesses and sell more products to their existing customers, while driving down costs by investing in technology. By the time coffee arrived, the merger was well on the way to becoming a reality.

The numbers in a new way, prompted by Lloyds. By distributing the TSB's excess capital to shareholders, £1bn special dividend deal suddenly materialised. The deal was a low two

Why do so many leading financial institutions and corporations turn to J.P. Morgan for help with mergers and acquisitions? Because they trust our objectivity, value our long-term perspective, and rely on our extensive knowledge of their industries. But even more important to our clients – and to us – is the fact that we take particularly good care of their ideas. We don't change their objectives to suit our purposes or get a deal done: we respect their strategies and use our talents to help them achieve their goals. The result: transactions that make sense for all parties, especially shareholders. The advisory work we've done in 1995 for our European banking clients helps to explain why we're a leader in our field, and they remain leaders in theirs.

Selected publicly announced M&A assignments for European Banks in 1995

TSB Group plc on its merger with Lloyds Bank Plc to form Lloyds TSB Group plc	\$15.3 billion (closed)
Cheltenham & Gloucester Building Society on its sale to Lloyds Bank Plc	\$2.9 billion (closed)
Credito Italiano S.p.A. on its public takeover bid of Gruppo Bancario Credito Romagnolo S.p.A.	\$2.3 billion (closed)
S.G. Warburg Group plc on the sale of its investment banking business to Swiss Bank Corporation	\$1.4 billion (closed)
Credit Lyonnais S.A. on the sale of Credit Lyonnais Bank Nederland to Generale de Banque	\$767 million (closed)
Barclays PLC on its acquisition of Wells Fargo Nikko Investment Advisors	\$440 million (closed)
Dresdner Bank AG on its acquisition of RCM Capital Management, a California Limited Partnership, from Travelers Group Inc.	\$300 million (pending)

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JPMorgan

27 8 1996

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COMMODITIES AND AGRICULTURE

Hogg seeks EU action to end German beef ban

By Deborah Hargreaves
Mr Douglas Hogg, UK agriculture minister, said yesterday that action by three German Länder to ban British beef imports was "illegal".

nish farmer told the meeting he had lost £40,000 about 18 months ago when the Germans imposed a ban on beef imports and was losing £2,000 a week before Christmas because of consumer fears over mad cow disease.

The current policy was "not sustainable in the face of internal and external pressures upon it," he told farmers. He said the success of the CAP was being bought at a price to consumers and taxpayers which they were increasingly unwilling to pay.

Ukraine's president faces agricultural showdown
Matthew Kaminski reports on a communist attempt to force 'recollectivisation'

Ukraine's parliament has set the stage for an imminent political showdown with the president over agricultural reform by adopting a controversial privatisation law.

Under communism, he added, collective farm bosses were among the strongest and most influential economic actors - and again consolidating their power would slow Ukraine's transition to a market economy.

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Oil stocks 'lowest since 1980'

By Robert Corzine
The extent to which oil stocks are rebuilt in the US and Japan will be a crucial factor in future oil price movements, according to the International Energy Agency.

where a switch to new "just-in-time" stock management techniques by refiners led to a sharp fall in stocks.

such practices have led to sharp and sudden price swings. The IEA said the markets would be whether European refiners copied their US and Japanese counterparts.

RTZ to build \$260m Quebec titanium plant

By Kenneth Gooding, Mining Correspondent
RTZ-CRA, the world's biggest titanium producer, is to spend US\$260m for a new plant at its QIT-Fer at Titane subsidiary at Sorel in Quebec.

low waste disposal costs for titanium pigment producers. The new plant will start up in the third quarter of next year. Initial annual capacity will be 200,000 tonnes of UGS and the plant is being designed for expansion in modules of 100,000 tonnes and for an ultimate capacity of 600,000.

Fertiliser demand rise forecast

By Geoff Tansley
World fertiliser nutrient demand is forecast to increase by almost 15m tonnes from 1993-94 to 2003-04, according to a report published recently by FAO.

increase on average about 1.4 per cent a year, or by some 3.4m tonnes overall. Again most growth is expected in Asia (68 per cent). Eastern Europe is expected to make up earlier consumption cuts while a decline of 1 per cent a year is expected in western Europe.

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MARKET REPORT

'Over-cooked' coffee prices fall 6%

London Commodity Exchange robusta COFFEES futures slid almost 6 per cent yesterday on speculative and producer selling, but ended just above a seven-day low.

"There has been good speculative and trade selling as well as some producer sales," said one trader. "The market had been over-cooked for some time," said another.

An early upturn in LCE COCOA futures ran into production and long liquidation in the afternoon and all prices ended lower.

COMMODITIES PRICES

BASE METALS

Table with columns: Metal, Unit, Price, Change, High, Low, Vol, etc. Includes Aluminum, Zinc, Lead, Nickel, Tin.

Precious Metals

Table with columns: Metal, Unit, Price, Change, High, Low, Vol, etc. Includes Gold, Silver, Platinum, Palladium.

GRAINS AND OIL SEEDS

Table with columns: Grain, Unit, Price, Change, High, Low, Vol, etc. Includes Wheat, Maize, Soybeans, Barley.

SOFTS

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol, etc. Includes Cocoa, Coffee, Sugar.

MEAT AND LIVESTOCK

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol, etc. Includes Live Cattle, Live Hogs, Pork.

LONDON TRADED OPTIONS

Table with columns: Option, Strike Price, Price, Change, High, Low, Vol, etc. Includes LME, COCOA, COFFEE, SOYBEANS.

LONDON SPOT MARKETS

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol, etc. Includes Crude Oil, Brent, WTI, Gas Oil.

PRECIOUS METALS

Table with columns: Metal, Unit, Price, Change, High, Low, Vol, etc. Includes Gold, Silver, Platinum, Palladium.

ENERGY

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol, etc. Includes Crude Oil, Heating Oil, Natural Gas.

FUTURES DATA

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol, etc. Includes Wheat, Maize, Soybeans, Barley.

INDEXES

Table with columns: Index, Value, Change, High, Low, Vol, etc. Includes REUTERS, CDS, GSCI.

VOLUME DATA

Table with columns: Commodity, Unit, Volume, Change, High, Low, Vol, etc. Includes Wheat, Maize, Soybeans, Barley.

NOTES AND NEWS

Notes and news items related to the commodities market, including mentions of the World Bank and FAO.

CROSSWORD

Crossword puzzle grid with clues and solution.

JOTTER PAD

Journaling or note-taking section with a grid and text.

PRECIOUS METALS

Table with columns: Metal, Unit, Price, Change, High, Low, Vol, etc. Includes Gold, Silver, Platinum, Palladium.

UNLEADED GASOLINE

Table with columns: Location, Unit, Price, Change, High, Low, Vol, etc. Includes London, New York, etc.

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Crossword puzzle grid with clues and solution.

JOTTER PAD

Journaling or note-taking section with a grid and text.

SINGAPORE

Journey with no ending

The government may be relieved that the island state has not yet been classified as a developed country, writes Peter Montagnon

Like most embarrassing moments, it had its serious as well as its funny side.

In his new year's message last month Mr Goh Chok Tong, the prime minister, told Singaporeans that the Organisation for Economic Co-operation and Development had formally classified their nation as a developed country. After a couple of weeks of excited chatter in the media, it turned out he was not quite right.

There were red faces all round as commentators discovered the OECD had merely put Singapore in the category of advanced developing nations which are no longer eligible for aid. Singapore had not yet quite arrived at the end of the development road after all. But that does raise an important question: if Singapore is not developed, then what more does it have to do? And how easy will the challenge be?

By normal standards there ought to be no debate at all. With a per capita gross domestic product of \$24,000, Singapore enjoys a living standard well ahead of Britain and roughly on a par with that of France.

With its mixture of market economics and stakeholder approach to social welfare, it has attracted the admiring attention of the occasional western politician, including Mr Tony Blair, the UK Labour party leader.

In the poorer countries of Asia, such as China, Indonesia and Vietnam, which are only starting out on the development road, Singapore is often

seen as a model. People in those countries mind less than western critics about Singapore's limited democracy, but they find real appeal in the material freedom it offers its citizens, in its non-confrontational predictability and social order, in the rule of law and, a true rarity in Asia, the almost total lack of corruption.

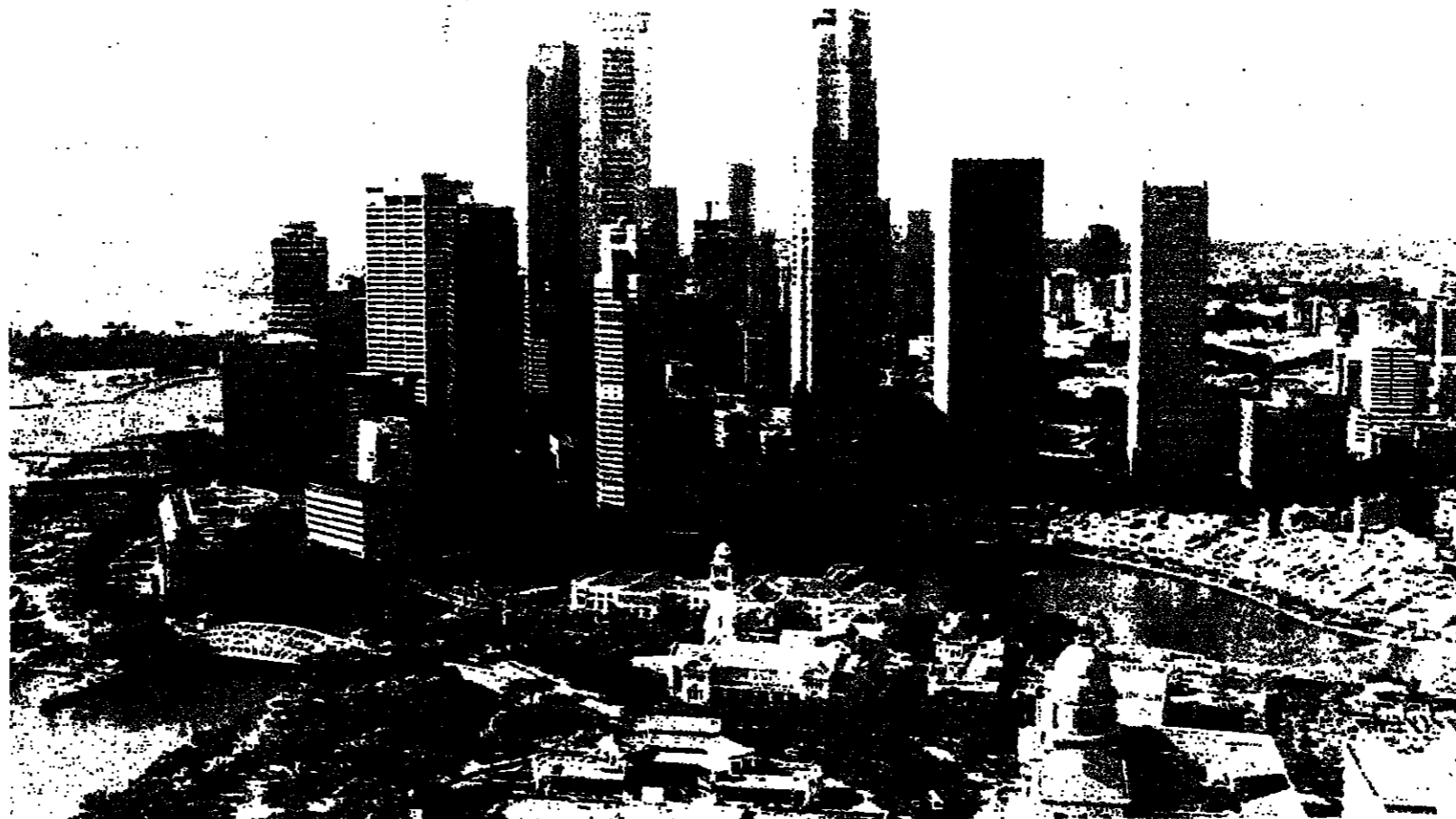
But while they are quick to reel off these achievements, Singapore's leaders are also a little uneasy about too much flattery. The ruling People's Action party considers Singapore vulnerable and its achievements fragile. It is a deeply ingrained belief, going right back to the time that Singapore was expelled from the Malaysian Federation in 1965.

Singapore then had to survive alongside two large neighbours, Indonesia and Malaysia, hostile to the overseas Chinese who make up the bulk of its population. It had to develop the national economy without the benefit of domestic markets.

The PAP still uses its sense that the country has its back up against the wall to help justify its tight control over most aspects of Singaporean life. It cannot lightly abandon this belief, even in the face of staggering economic achievement.

According to Mr Lee Hsien Loong, the deputy prime minister and son of Mr Lee Kuan Yew, Singapore's elder statesman and founding father, "income is ephemeral. It's a satisfying thing to have, but it can come and go. It's the foundations for that income that you must ensure. We're not sure that we have those foundations as deep as they ought to be."

"If you look at the structure of our economy in terms of the breadth and depth of expertise, organisation, multinational firms' spread of subsidiaries overseas, or domestic indigenous technological capability,



The downtown skyline of one of the world's richest country in per capita terms - but it's still only an advanced developing nation, according to the OECD

we have a long way to go."

Only 3 per cent of the country's workers have university degrees, he adds. About 23 per cent of new entrants to the workforce are graduates, but it will take many years before that feeds through into the workforce as a whole.

Implicit in this reply is an awareness that Singapore's wealth is very new and that the past 30 years have been quite literally a story of rags to riches. Singaporeans need not have advanced far into middle age to remember the days when their country was dirty and disease-ridden, with many of its roads unpaved and many

of its people living in insanitary conditions in makeshift housing.

Thus the government wants to make its people more civilised before it lays claim to preside over a developed society. "Graciousness" is the latest buzzword, even if the message sometimes appears to be delivered in an ungracious and bellowing tone. Having congratulated his countrymen for their economic success at the new year, Mr Goh then went on to lambast them for discourtesy, littering, vandalising library books and pilfering orchids from the Botanic Gardens.

There are other, more practical reasons why Singapore is reluctant to claim the status of developed country. Were it to do so, it would be unable to make use of residual trade preferences still available on some exports to the European Union until 1996. It would have to implement more quickly its Uruguay Round obligations on intellectual property. It might also come under more pressure to launch a development aid policy, internationalise its currency and open up its domestic financial market to foreign institutions. Singapore has been reluctant to open up its tiny domestic

financial market on the grounds that it fears loss of control. It argues that it needs a core group of strong local banks capable of rallying round in times of crisis, such as during last year's Barings debacle. Competition in domestic banking must therefore be limited. Similarly, it is reluctant to allow foreign brokers free access to its stock market.

Some US securities argue that these restrictions may make it harder to attract business away from Hong Kong after the British colony reverts to China in 1997. But this degree of protection is hardly likely seriously to inhibit Singapore's broader economic and financial development.

Singapore's financial services industry has survived last year's Barings crisis remarkably unscathed. Sinex, the futures exchange, has been able to attract new members. Offshore assets of its international banks rose to US\$47.1bn in the first 10 months of last year from US\$41.6bn at the end of 1994. Singapore still ranks among the world's top four markets in foreign exchange.

To add to its range, it is now seeking, with some success, to attract more international

IN THIS SURVEY

• The economy: high growth rates seem likely to continue

Key facts
• Productivity: upgrading skills and adding value to output
• Stakeholders: for the benefit of the community Page 2

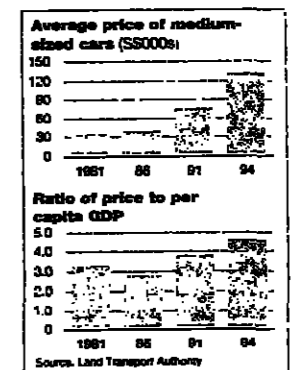


Goh Chok Tong, the prime minister

• Politics: the ruling party is anxious about its support at the next elections, though it is expected to win

Foreign policy: security has led the state to be a great jolter of groups such as ASEAN Page 3

• Privatisation: dilemma of capitalism and close control
Retailing: hard times on the boulevard
Transport: electronic road pricing ahead Page 4



• International monetary exchange: Barings crisis tests market
• Stock exchange: Nominees comes to the aid of the Club Page 5

• Domestic banking market: out of proportion to Singapore's size
• Financial services: it's just a small problem
• The media: still being attracted Page 6

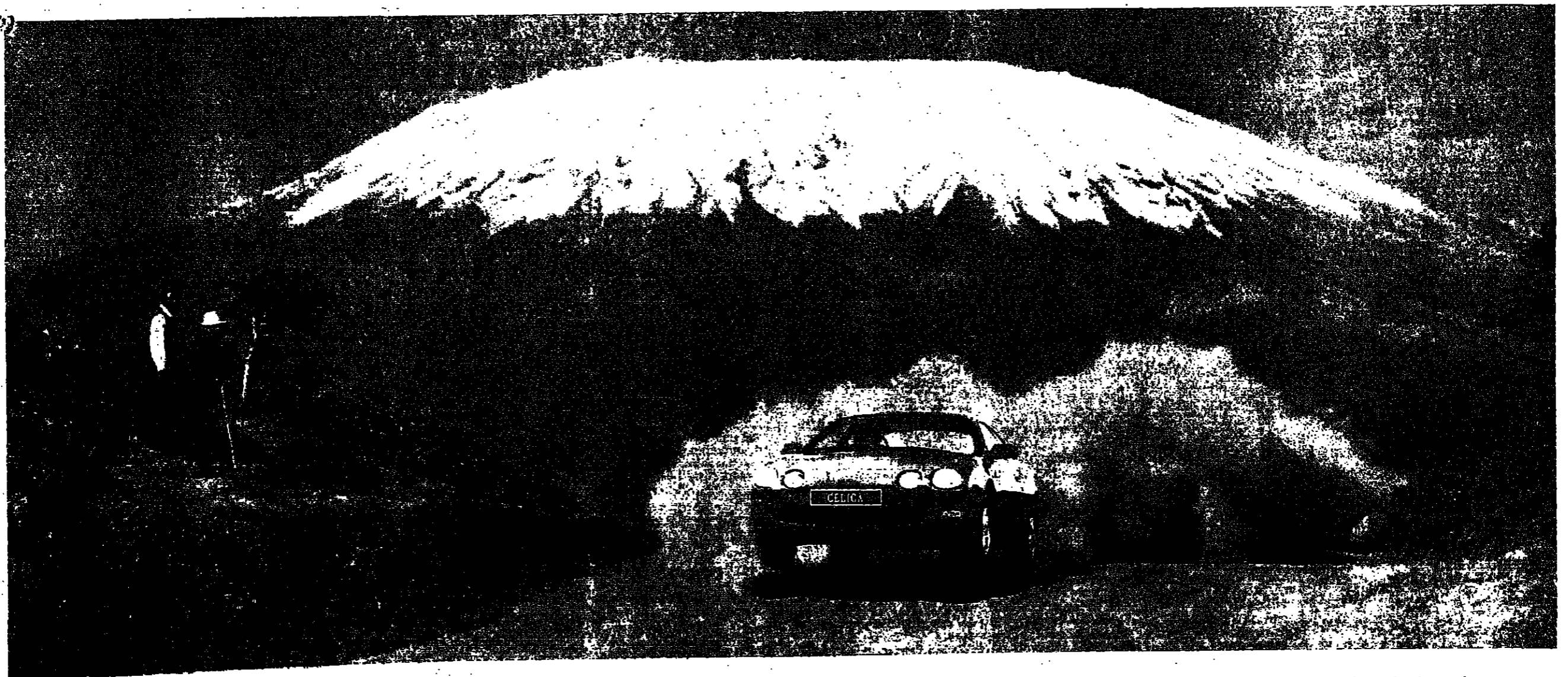
• The port: remote control comes aboard
• Restaurants: a guide to the city state's culinary spots
Business travellers' guide Page 7

• The "regionalisation" drive: spreading out into Asia
• Map of Singapore
• Biztan Islands: luring the tourists Page 8

Production Editor: Gabriel Bowman

Continued on next page

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PORT of SINGAPORE

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Politics by Peter Montagnon

Search for a convincing victory

The ruling party is anxious about its support, though it seems set to win the next elections

For a brief moment every five years or so, Singapore comes to life politically as elections are held for the island republic's 81-seat parliament.

The short nine-day campaign marks just about the only time when opposition parties enjoy free and full access to the public, and the results are carefully scrutinised for signs of how much support still accrues to the People's Action party, which has ruled Singapore since self-government in 1959.

Such a moment looms over the next 12 months. Elections must be held by spring next year, and may come as early next month, some pundits claim. There were indications last month that the PAP was gearing up to announce a date when the party newspaper, Petir, published a five-point

strategy on how to win the election. This included a recommendation that campaign workers should criticise other countries, such as France, Italy and New Zealand for their welfareism, to show Singapore was on the right track.

But the more important question is whether the PAP is still on track. The last general election was not a good one for the party. Though it won just over 60 per cent of votes cast, which would count as a landslide in a western democracy, it lost four seats to the opposition. Mr Goh Chok Tong, the prime minister, allowed that to be seen as indicating a weakening of confidence in his authority.

This time the party is being more careful not to make itself a hostage to fortune. Though the authoritarian style with which it governs in between elections means it requires a very strong mandate from the people, it is being careful to downplay the need to maintain the share of the vote at any

particular level.

"Barring a complete rout, by which I mean the share going down into the low 50s, the PAP is now psychologically able to accept a further erosion," says Mr Walter Woon, a law professor at the National University and PAP MP.

There are also some grounds for arguing that the erosion may be limited. Mr Goh's personal standing with the electorate appears to have

For nine days opposition parties enjoy free access to the public

improved since the last election, even if many Singaporeans still feel frustrated with the party. Also, there was a freak element to the last result because the opposition parties stood in only 40 seats. Since the PAP was thus assured of

winning, this encouraged tactical voting by people who wanted to protest without actually seeing the party defeated.

The opposition may use this tactic again. If so, the result will not necessarily reflect the real balance of public opinion as many seats in which the PAP is strongest will simply remain uncontested. But the elections also look like coming at a bad time for the main opposition Singapore Democratic party (SDP), which has suffered a split in its leadership and is accused by the government of lacking coherent programmes.

That said, there are also signs that, behind the scenes, the PAP is concerned about its standing. Party veteran Mr Tony Tan was brought back into the cabinet last August as deputy prime minister in a clear effort to strengthen its appeal to voters. And opposition politicians say there is a groundswell of public dissatisfaction with the PAP.

Among the likely election

issues are the high level of ministerial pay. Mr Goh's salary of S\$1.5m (about £575,000) is a focus of resentment among lower-paid workers struggling to afford increasingly expensive housing and transport. There is also still some lingering opposition to the 3 per cent goods and services tax imposed in 1994.

"The lower class completely resent the tax," says Mr J.B. Jeyaretnam of the Workers' party, who became Singapore's first opposition MP in 1981. "They weren't paying income tax because they didn't qualify. Now the GST takes it out of them," adds Mr Jeyaretnam, who will stand for parliament again after being debarred in 1986 following a fraud case brought against his party.

Mr Chee Soon Juan, the new leader of the SDP, admits that there is little prospect of actually defeating the PAP for some time to come. But if the opposition can win more seats in parliament, its voice will be heard and there will be more debate. "Singaporeans want to



Goh Chok Tong: his salary may be an election issue

be reasoned with rather than to be told what should be subsidised and what should not," he says.

That could spell problems for the PAP because a critical mass of opposition MPs in parliament would force more open

debate on policy and dilute its hold on power. But though both Mr Jeyaretnam and Mr Chee argue for a more open society, this is not necessarily the main aspiration of the poorer voters from whom they draw their support.

It is among affluent young middle-class Singaporeans that one hears the most complaints about the overbearing approach of government with its sometimes petty-sounding rules. But such people also shy away from the uncertainty that would follow from a defeat of the PAP.

The trouble that brews for the PAP in this quarter is different. Able, educated young people seem to have lost interest in politics. Even the prospect of high ministerial salaries comparable with those available in the private sector has not been sufficient to lure a high calibre new generation into government. This goes deeper than mere electoral appeal. Unless the PAP can find a way of bringing on a new generation of leaders, it will face difficulty in future. That is also why PAP leaders worry that capable members of Singapore's educated elite - still quite a small group - will be attracted to the opposition.

"That's very troublesome," says Mr Lee Hsien Loong, deputy prime minister. "I mean it's wrong. Why should we allow a good man to go into the opposition and have to expend his energies non-constructively?"

Foreign policy by Peter Montagnon

Proud state seeks safety in numbers

Concerned with security, the island state is a great joiner of groups such as Asean

Ask people in the west about Singapore's image, and most will probably reply that it has a reputation for prickly assertiveness, all too ready to argue its corner over what it calls Asian values and often contemptuous of those of the west.

With its high-profile libel suits against foreign commentators and pointed refusal to countenance a stay of execution for Flor Contemplacion, the Filipina maid executed for murder last year, it seems to care little about making friends and influencing people.

Such stridency appears born partly out of pride in its own prosperity and partly out of a typically Asian resistance to

anything that smacks of interference by others in its own internal affairs. But it is also a reflection of vulnerability. Singapore's leaders feel constantly impelled to remind their compatriots that theirs is a small country trying to make its way in a difficult and uncertain world. They cannot afford to relax.

This view also pervades Singapore's more formal diplomatic efforts. A concern with security is natural for a small open economy. In Singapore's case it is aggravated by the belief that the world has not yet gravitated into a new strategic balance since the end of the cold war.

This leaves the Pacific region beset with possible flashpoints, such as the sovereignty disputes over the Spratly Islands in the South China Sea, the tensions between China and Taiwan, and the unpredictability of

North Korea in the face of a worsening food shortage.

Singapore can do little directly about these problems, but it must learn to live with them. Its approach is, first, to build good relations with its immediate neighbours, and, second, to try to build the seven-nation Association of Southeast Asian Nations (Asean), to which it belongs, into a force for prosperity and security in the broader Pacific region.

Seeking safety in numbers, it is a great joiner of groups and usually plays a pro-active role in organisations it joins. Thus, it is a prime mover behind next month's Europe-Asia summit in Bangkok; at the end of this year it will host the first ministerial meeting of the new World Trade Organisation; with its partners in Asean it is trying to open up Burma's economy and to build new bridges between India

and east Asia.

By promoting a sense of economic interdependence, initially with its closest regional partners and then in an ever-broader sphere, it aims to engage the large powers in the Pacific - China, Japan and the US - and bestow on them an awareness of their stake in the region's future. That might help create a new multilateral balance which would prevent bilateral disputes getting out of hand.

In spite of last year's moments of regional tension, Singapore's diplomats have started 1996 in a positive mood. "Relations with immediate neighbours have never been better," says Mr Kishore Mahbubani, permanent secretary at the Ministry of Foreign Affairs, of Singapore's ties to Indonesia and Malaysia. "All three countries believe they can succeed in development and that they can do this by

having open economies."

There is strong satisfaction at the degree of collaboration achieved at December's Asean summit in Bangkok where leaders (other members are Brunei, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam) took new initiatives on trade liberalisation.

"The moment for Asean has come," Mr Mahbubani says. "It has succeeded far beyond our expectations. The robust optimism of everybody (in Bangkok) came as an eye-opener, even for us."

According to Professor Tommy Koh, ambassador at large and director of the country's Institute of Policy Studies, Singapore's main objectives are threefold: to maintain what he calls "this very rare moment when the region is at peace", to ensure that the momentum of economic growth is sustained and spread to other countries; and

to build institutions able to "enmesh" the countries of the region better in the economic and security fields.

Thus, Asean is only part of the network. As a member of the Asia-Pacific Economic Co-operation forum, the US has an economic stake in the region which also forces it to remain involved in the security field.

China, seen as a threat by many in the Pacific, can be engaged economically through its membership of Apec and on security matters through its membership of the Asean Regional Forum which, like Apec, includes Japan and the US.

Singapore sees the EU-Asia summit, at which European leaders will confer with their counterparts from Asean countries, China, South Korea and Japan, as bridging a missing link in this process.

There may not be many concrete achievements, but the mere fact that it is the first such gathering ever makes it an "epochal" event, says Mr Mahbubani.

With further summits expected in Europe in 1998 and in South Korea in the year 2000, a process should get under way with scope for wide-ranging collaboration in a number of areas: infrastructure, research and development, the environment and industrial development.

It is hard not to miss in all this a need for a bulwark

Such stridency reflects vulnerability. They cannot afford to relax

against an increasingly powerful China. That may also underlie the efforts by other members of Asean to give the organisation new impetus.

Singaporean officials say they do not see China as an immediate security threat, but they argue that the region must come to terms with its emerging power.

By involving it in these regional groupings, they hope to help it relate better to the outside world in a non-confrontational way and to encourage it to play by the rules of the international community.

A group approach can help defuse disputes as Asean found when senior officials met with China last spring in Hangzhou near Shanghai to discuss the disputed Spratly Islands. But, says Mr Lee Hsien Loong, deputy prime minister, Asean cannot be a counterweight to China.

"One is a superpower with nuclear weapons. The other is a group of small to middling states just trying to have a bit more influence in the world. It's not our role to provide balance. The balance must be at a strategic level."

"As long as the Americans maintain a role in the region and the Seventh Fleet is around, I think there is a good balance," he adds. That point remains fundamental, whatever the differences between Asian and western values.

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International Monetary Exchange: by Philip Coggan

Barings crisis tests market

An advisory panel has put forward plans for the way forward once the dust has settled

A year has passed since the Barings crisis, which suddenly catapulted the Singapore International Monetary Exchange (Simex) into the world's financial spotlight. Perhaps the most remarkable result of the crisis has been how well Simex emerged from the process. In the first few days after the news of the Barings failure broke, the exchange managed to settle the bank's outstanding position. How the exchange did the trick is not exactly clear - some bankers think the government helped take some of the financial strain but official sources deny this - and Simex

even managed to return some margin payments. Importantly for international confidence in Singapore's status as a financial centre, the market continued to function. Furthermore, an impressively detailed report ensured that it was authorities in London rather than Singapore which shouldered the bulk of the blame for the fall of Barings. Volume on the exchange actually increased by 0.8 per cent during 1995, not an impressive growth rate by the standard of previous years, but not bad when some other futures exchanges in the world were recording double-digit declines. Ironically, the large positions built up by Mr Nick Leeson, the Barings trader, may have played a part in this - volume from March to December was 10 per cent

lower than in the same period in 1994. The authorities point to the aftermath of the Daiwa Bank scandal as hitting volume in the last three months of the year; derivatives-related problems such as the financial collapse of Orange County, California, also made institutions cautious about using futures markets in 1995. Traders seem supportive of the official line, saying that liquidity has continued to be good. Things have so returned to normal that Barings - or rather its new parent, ING - resumed trading on Simex in December. Loose ends still need to be tied up. The authorities have yet to decide whether they will take action against other Barings staff such as Mr James Bax and Mr Simon Jones, who have been under

investigation, and what will happen to the cash left after the liquidation of Barings Futures. Preventing a repeat of the Barings crisis is obviously the top priority for Simex. A review of procedures undertaken by a Blue Ribbon Advisory Panel which reported in October made six broad recommendations. The exchange should: establish rules, and re-evaluate those in place, regarding customer protection with respect to proper margining of positions, segregation and trading floor practices; upgrade Simex's clearing system to incorporate real-time clearing, settlement and critical risk management systems; establish confidential information-sharing arrangements with other exchanges; establish a requirement for

clearing members that a senior officer of the firm be registered with the exchange; enhance Simex's market surveillance department and establish a large trader reporting system which will enable the exchange to determine the ultimate owner of large positions. The exchange accepted all of the panel's recommendations and also those of Dr Roger Rutz, the consultant brought in from the US to review the exchange's operations. "One of the most important things we can do," says Mrs Elizabeth Sam, the Simex chairman, "is to upgrade our reporting systems, including clearing real-time. We think as more contracts are traded, the faster we can clear the better. We are also going back now and reconciling the figures." More staff have been added

in the supervisory area, with a new regulatory and risk management division being created; it has 48 employees, compared with 48 who worked for the equivalent areas in February 1995. Simex hopes to increase this to 75 although the exchange, like many other financial services operations in Singapore, faces the problem of rapid turnover, particularly with staff leaving to join member firms. "We would like to ensure that something like this never happens again and our task is to put in place a system of surveillance and reporting to minimise the chances of such an incident," says Mrs Sam. "Traders appear to have accepted the need for more stringent regulation and several firms have joined the exchange since the Barings crisis, including Cargill, GNI, BNP Futures and NatWest Futures. The steady rise of Singapore as a financial centre gives a solid base to the exchange's prospects. Simex is the fourth largest futures exchange in

Asia, in volume terms, behind two Tokyo markets and the Sydney exchange in Australia. The main Simex contracts, in terms of volume, are the interest rate plays, the Eurodollar, with 34.6 per cent of total turnover, and Euroyen (27 per cent), and the Nikkel 225 (26.6 per cent); options on the Nikkel are growing in importance. Pushing the exchange forward, once the Barings dust has settled, may require a wider contract range. "Every exchange's ambition is to be the leader and we should get there by providing contracts that have an interest on a regional basis," says Mrs Sam. Possible additional contracts would be one based on the US treasury bond, further energy-related contracts (Brent crude is already traded via a link with the International Petroleum Exchange) and a south-east Asian stock market index, once a satisfactory one is devised. In a perverse way, the Barings crisis may actually have helped the exchange's ambition by highlighting the orderliness of the market. The fact that Simex was able to unwind the Barings position so quickly without disruption to its market caused some to make favourable comparisons with Osaka. All the same, one gets the sense that Simex would rather not have to prove itself in the same way again.

The crisis may have helped by highlighting the orderliness of the market

Electronic road pricing

Continued from facing page
turn green when they detect an approaching bus. The white paper says it wants to use competition to promote efficiency in providing bus services and increase choice through the availability of premium buses which offer greater comfort and service. But it comes out against unfettered UK-style deregulation, which it says has led to excess competition on popular routes and discouraged operators from renewing their fleets. To achieve an integrated system, Singapore will expect private operators to ply all routes, even unprofitable ones, at prescribed frequencies and regulated fares. Co-ordinated use of town planning to ensure that more high rise developments are concentrated round mass transit stations. The white paper says this "will ensure maximum accessibility for commuters to key nodes of employment, housing, leisure and other social activities". A change in the financing philosophy. Whereas the government still believes that public transport should be self-financing at the operating level, it now says it will cover the replacement cost of rail assets rather than just its historic cost as in the past. Since users will not have to contribute to future replacement of trains and track, this will help keep fares reasonable, but each generation will still pay for the capital investment from which it has actually benefited. Ultimately, the new system should offer the public a high degree of choice with a corresponding range of prices. Electronic road pricing will increase the proportion of motoring costs that come from usage and reduce somewhat the emphasis on the high initial cost of car purchase. But the LTA plans to retain the system of certificates of entitlement whereby would-be car owners must bid for the right to purchase a car. It is this, above all, which keeps their cost high. Moreover the white paper expresses reservations about a proposal that some certificates should be issued through a ballot rather than by auction to make private motoring accessible to the less well-off. In public, at least, criticism

of this aspect of the plan has been muted. Parliamentary debate on the white paper last month focused less on the cost of motoring and more on the time it would take to get the new transport system up and running, as well as on worry about the cost of fares. "For a world class system, the general standard has to be high and no part of the system can really be sub-standard," says Mr Kanwaljit Sohi, a nominated MP. "But our fares cannot be world-class because a certain proportion of the workforce finds even the present fares a financial burden." For their part, government officials deny that there is any element of coercion in the new scheme. Indeed, the philosophy behind the white paper is typically Singaporean in that it relies on a market-pricing approach to achieve a carefully planned social objective. Singapore may have had the foresight to move early but it believes that eventually the type of system it is developing will have to be adopted by governments elsewhere which are currently less willing to take on the private motorist.

Malaysian shares can still be traded, despite Kuala Lumpur's switch to a scripless market. The Singapore stock exchange has a problem. How does it play its part in fulfilling the island's hopes of becoming a regional financial centre when the economy, and thus the market capitalisation of the exchange, is small compared with the country's neighbours? The problem is exacerbated by the exchange's uneasy relations with neighbouring Malaysia. Before 1973, the two exchanges were one, albeit with separate trading floors in Kuala Lumpur and Singapore. Even after the split, shares were freely traded between the countries until the start of 1990, when Malaysia decreed that none of its companies could be traded on the Singapore exchange. Singapore responded by creating Clob (Central Limit Order Book) International, a

Stock exchange: by Philip Coggan

Nominee comes to the aid of the Clob

system for trading foreign shares on an over-the-counter basis. With many Singaporeans interested in investing in Malaysian stocks, the success of the Clob system meant that, at times, trading in Malaysian shares constituted 50-60 per cent of the volume on the Singapore exchange. But the exchange now faces a new threat. Malaysia's move to a scripless market means that, in future, share trades will need to be registered on the Kuala Lumpur exchange computer. Previously, paper certificates could simply be transferred between investors in Singapore with no need to notify the Malaysian authorities. Some predicted the change would mean the death of Clob International. But the Singaporeans are not so easily defeated. The Singapore exchange's settlement system, the Central Depository (Pte) or CDP, has its own account with the Kuala Lumpur exchange. Since CDP acts as a nominee for Singapore investors, trade

between them in Malaysian shares can be subsumed within the CDP total. However, the Singapore exchange's international interests extend beyond Malaysia. It hopes to attract regional companies to list on its foreign board, established in December. In particular, the aim is to attract companies engaged in regional infrastructure projects: the minimum requirements are for them to be worth at least S\$300m and to have 15 years to completion.

Another development which should improve liquidity is the privatisation programme. Singapore Telecom has already been floated on the market and Singapore Power is set to be listed this year. Because the Telecom float was targeted at private investors who are "locked in" via the prospect of bonus shares, the listing has, as yet, been of marginal help in improving the depth of the market, but the gradual accumulation of privatised stocks should do the trick in the long run. The exchange is technically advanced. Shares are traded via a computerised order-driven system and private investors, an important factor in the market, are now able to buy and sell shares at local bank branches using their ATM cards. Foreign brokers are able to operate in the market, either via joint ventures with local brokers or as international members trading purely for overseas clients (although they can act for Singaporeans with over S\$5m). As part of its

efforts to build up the foreign board, the exchange has allowed non-members access to its computer system so they can trade in regional stocks. The exchange has made enormous strides over the past 10 years. Volume has grown from just S\$8bn in 1986 to a peak of S\$127.8bn in 1993, although it fell to S\$85.7bn in 1995, a poor year for emerging markets. The exchange had a market capitalisation of S\$261bn at mid-1995. Singapore's stock market is seen as a comparative safe haven in a region which sports some volatile bourses. The challenge for the next 10 years will be to maintain its improvement when other exchanges in Asia, with larger pools of domestic investors, are striving to catch up.

A safe haven in a region which sports some volatile bourses

Year	S\$bn
1986	8.0
1987	22.5
1988	12.7
1989	39.1
1990	36.8
1991	30.5
1992	29.4
1993	127.8
1994	123.5
1995	85.7

Source: Singapore Stock Exchange

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6 SINGAPORE

Banking: by Philip Coggan

Out of proportion to its size

Why a state with a 3m population may stay a significant trade centre for the foreseeable future

Banking is probably the best example of how Singapore has an importance in the Asian economy that is out of proportion to its size.

The domestic banking market is small - inevitably so for an island with fewer than 3m citizens - and dominated by four local banks, the Development Bank of Singapore, Overseas Chinese Banking Corporation, Overseas Union Bank and United Overseas Bank.

Yet Singapore is the world's fourth largest centre for foreign exchange trading, an important regional market for syndicated loans and trade finance and has a good chance of taking a substantial share of what will be a growing securities market. Figures from the Monetary Authority of Singapore show that some 142 commercial banks and 77 merchant banks operate on the island.

Banks are not moving to the island because of its cost advantages; the appreciating Singapore dollar means that the city state is fast becoming as expensive as Hong Kong. There can also be problems with the island's tight labour market; while Singapore is producing highly educated graduates, their expectations are high and the result is rapid staff turnover. While many overseas banks bring in expatriate workers for senior jobs, there can be particular problems in recruiting and retaining staff at the clerical level.

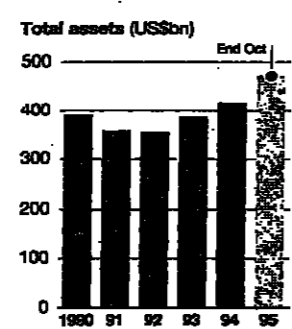
Nevertheless, Singapore's infrastructure, particularly in transport and telecommunications, its efficient regulatory system and its established base of overseas banks mean that it looks likely to be a significant banking centre for the foreseeable future. Some see Hong Kong increasingly as the financial centre for China, while Singapore will perform the same function for the Asean region.

The island's flourishing role as a foreign exchange centre started with the development of the Asian dollar market in the late 1960s. Some bankers suspect that the Monetary Authority of Singapore, with its vast foreign exchange reserves and the Government of Singapore Investment Corporation have also helped to build up the market.

According to the most recent Bank for International Settlements survey, based on data collected in April 1995, Singapore's daily foreign exchange turnover was \$105bn, ahead of Hong Kong's \$90bn, although well behind the volume generated in the big three centres of

London, New York and Tokyo. Almost half the turnover is in US dollar-mark and dollar-yen trades but local bankers say that trade in regional currencies, such as the Thai baht and Indonesian rupiah, is increasing. Citibank has 13 people in Singapore trading in regional currencies, including several in derivatives. "Singapore will become an increasingly important foreign

Asia dollar market



exchange centre. If Europe harmonises on a single currency, then market activity will move to some of the Asian regional currencies," believes Mr Seamus Doherty, regional general manager (Asia-Pacific) of Allied Irish Bank.

Another growing area of business is the syndicated loan market. The cash-rich Singapore banks are a natural outlet for funds for the growing south-east Asian economy, especially as the Monetary Authority of Singapore is pushing banks to increase their overseas business, as part of the government's regionalisation drive. Loans are predominantly conducted in US dollars, however, since the government has no wish to see the Singapore dollar

Hong Kong may become China's financial centre, while Singapore performs the same function for the Asean region

become internationalised. In the past, the suspicion was that much of the Asian syndicated loan business was originated in Hong Kong and booked in Singapore for administrative reasons. Now, however, Singapore gets its own mandates.

According to the United Overseas Bank, the syndicated loan market has grown very quickly over the past five years, and funds have been raised for borrowers from Indonesia, Thailand, and

Financial services: by Philip Coggan

It's just a small problem

Because of the island's size, the market must act as a regional hub to attract companies

A successful financial services sector is an essential part of Singapore's long-term development plans. Financial services offer the kind of high value, high-tech businesses in which Singapore has a competitive advantage over its neighbours in the region.

The government has put much effort into building up the financial sector, setting up the Asian dollar market in 1968, for example, which has helped make Singapore the world's fourth largest centre for foreign exchange trading. The establishment of Simex in 1994 added a financial futures market, a development which helped build up the financial sector's critical mass, notwithstanding all the headaches which resulted a decade later during the Baring crisis.

But one problem which continues to face Singapore is its small size. The domestic Singapore market is simply not large enough to attract financial services companies on its own; the island's attractions are mainly as a regional hub.

In September 1994, Mr Lee Kuan Yew, senior minister, admitted in a speech that "our fund management industry is still small compared with other centres". He announced a series of measures designed to entice fund managers to set up shop on the island.

The measures concentrated on opening up the Central Provident Fund, the compulsory savings scheme which Singapore uses to provide for workers' retirement, medical costs and other commitments such as life insurance. Up to 40 per cent of a worker's wages can go into the CPF.

From the start of 1995, approved CPF unit trusts became able to invest up to 20 per cent of their value in foreign stocks and bonds listed on the Stock Exchange of Singapore. Larger investors, with balances of over S\$200,000, were given latitude to invest in regional markets.

In 1997, these limits will be expanded. Approved unit trusts will be able to invest in regional stocks and have up to 40 per cent of their portfolios in foreign currency-denominated investments.

The third stage will occur in 1998 when unit trusts will be allowed to invest in global markets such as the US, Germany and Japan.

In addition, the government has decided that its statutory bodies and the Government of Singapore Investment Corporation (GIC) will park some of their funds with private sector fund managers. These moves seem to have succeeded in attracting some fund managers to the island, with Murray Johnstone and Henderson being recent arrivals.

As yet, however, the amounts of money that fund

medium- and short-term capital spending commitments which may limit the amount which can be exposed to equity risk," says Mr Richard Mountford, deputy chairman of Schroder Investment Management (Singapore).

Mr Mountford, like many other overseas fund managers, sees Singapore as "the obvious place to do regional investment business".

Mr Peter Hames, a director of Abrtrust Fund Managers (Singapore), says that the island is "a great place for fund management business. The legislation is supportive and the tax rates are good and competitive with Hong Kong."

According to Mr Christopher Wong, managing director of LGT Asset Management in Singapore, the island "offers very good access to the region with a good airport and telecommunications." As yet, other regional centres such as Malaysia cannot match it.

For the moment, the real competitor for Singapore is Hong Kong. A few companies moved from Hong Kong to Singapore after the Tiananmen Square affair. But there has yet to be any sign of a mass exodus from the colony in advance of the 1997 handover of power to China. Few expect companies to switch to Singapore over the next year, on the grounds that those who were planning to move would have done so already.

Many believe, in any case, that the vast Asian continent can easily handle two financial centres, with Hong Kong likely to be increasingly seen as the financial centre of China. Fund management companies may have one office there and another in Singapore to handle south-east Asian business; some have that arrangement already.

In the past, some financial services companies preferred Hong Kong because of its more



Singapore-based dealers in frantic trading on Simex last year. Some are said to have lost millions in the Baring debacle

The vast Asian continent can easily handle two centres

managers have attracted as a result of the reforms are relatively modest. Individuals with CPF accounts can invest in unit trusts only if their balances are fairly high - and even then Singapore investors have a long-standing tendency to prefer direct equity purchases rather than the indirect route of buying a fund. And government money may only emerge slowly. "The government agencies have plenty of cash but they have

liberal securities laws. But increasingly Singapore's well-run regulatory system is being perceived as a strength. For south-east Asian investors, Singapore is coming to be perceived as a "safe haven", where political risk is low and the environment is friendly to business and international capital. Some tag Singapore "the Switzerland of Asia".

Some estimates say that around US\$48bn of regional assets are managed out of Singapore, not far behind Hong Kong's US\$52bn. Singapore may have to work hard to stay ahead. Malaysia, described by one manager as being "more creative in opening up to fund managers than Singapore", may be a threat in 10 years'

time. Indonesia, the fourth largest country in the world in terms of population, is another long-term threat. Eventually, fund managers may want to move to these countries to gain access to the potentially large retail markets.

For the moment, however, Singapore is well placed, with the infrastructure and critical mass to continue to attract international financial services companies.

As the CPF opens up further and more government money becomes available to overseas fund managers, the local market may become more attractive. But, inevitably for such a small state, Singapore's role as a regional hub is the key to its long-term success.

The media: by Edward Luce

The 'intelligent' choice

Libel laws may be tough, but the island state still attracts big overseas groups

The recent hullabaloo over Singapore's tough libel laws has given the island state a bad name among many western journalists. The successful prosecution of two libel suits against the International Herald Tribune in rapid succession has focused the debate on the city's stringent media laws.

What has been largely overlooked in the process, in an irony which has clearly been lost, is the island state's growing role as a hub and regional headquarters for international media organisations - among them the IHT.

In the last year alone, MTV Asia, Walt Disney Television, the Home Broadcasting Organisation, ESPN (the sports channel) and Reuters' technical services have taken advantage of the city state's generous tax breaks and modern telecommunications system to choose Singapore as their head office for the Asia Pacific. The Economist, Fortune and the IHT are among the growing list of publications which have selected Singapore as their printing headquarters for Asia.

The increasing popularity of Singapore as a media headquarters for the region has gone hand in hand with the declining attraction of Hong Kong - once the obvious choice for English language media services in Asia. Media executives say that this trend

is likely to continue. "In Hong Kong the regulatory environment is still unclear," says Mr Christopher Graves, managing editor of Asia Business News (ABN), a television company based in Singapore. "China has not specified what will happen in broadcasting after 1997 and this has lessened Hong Kong's salience as a regional centre."

ABN, which is 50 per cent owned by Dow Jones, the US information group, was offered an eight-year tax holiday and other substantial incentives when it chose Singapore in 1993. ABN executives say that the only other serious alternative considered apart from Hong Kong was Kuala Lumpur. Singapore's more

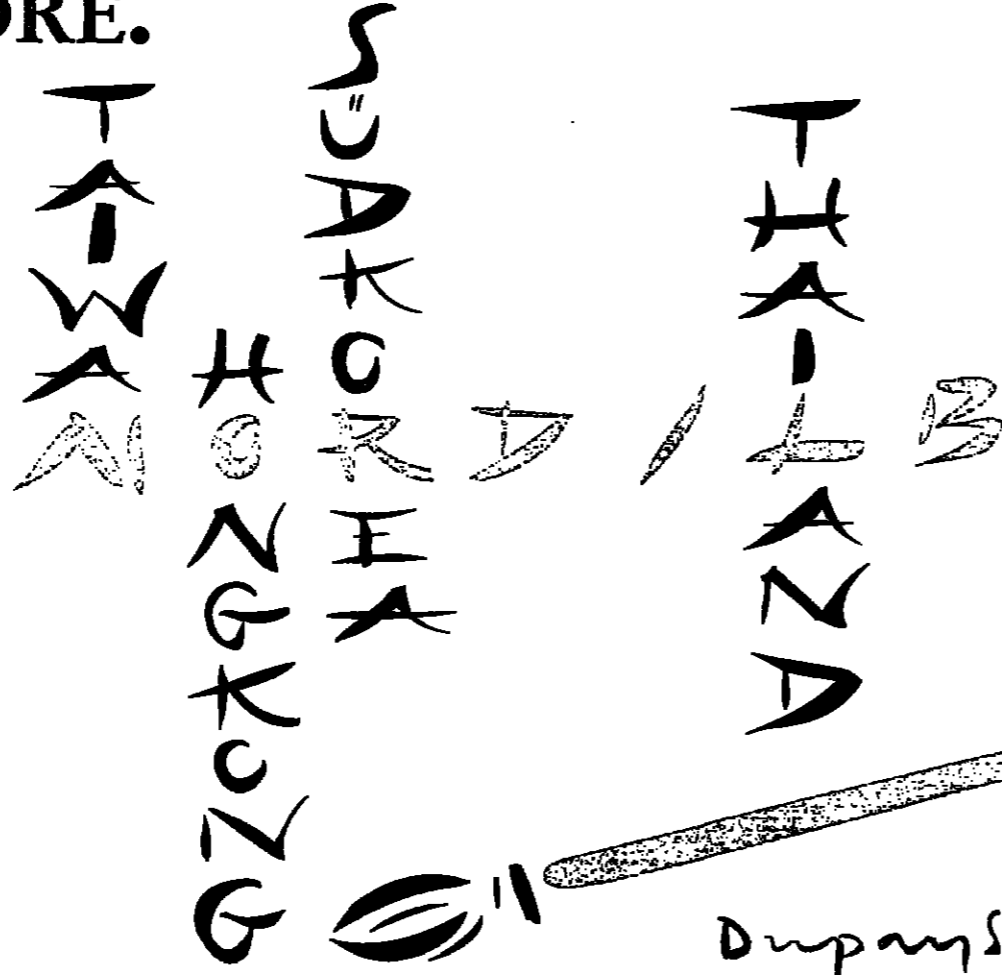
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Issue

MARKETS REPORT

Shrinking trade deficit lends support to dollar

By Philip Gawth

The dollar finished slightly firmer on the foreign exchanges yesterday, helped by confirmation that the US trade deficit was continuing to shrink...

The dollar was helped by a report in the daily Frankfurter Rundschau, to be published today, that German unemployment rose far more than expected in January...

The US trade gap with Japan, meanwhile, fell to a \$4.1bn deficit in November, the lowest since May 1993. The dollar closed in London at DM1.4773 from DM1.4718...

closed at \$1.5379, from \$1.5404. The trade weighted index finished at 84.4 from 84.3. UK interest rates were left unchanged after the monthly monetary meeting between the Chancellor of the Exchequer and the Governor of the Bank of England...

There was little currency movement in Europe, with little evidence of the jitters that prevailed at the end of last month. The D-Mark finished at FF8.434 against the D-Mark from FF8.436...

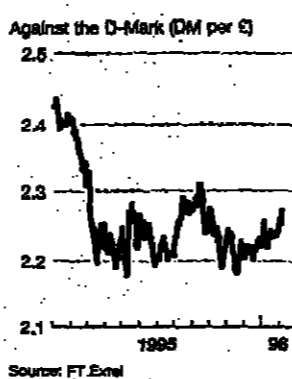
There was a much firmer tone to the futures markets following the sharp reversal offered on Monday. Most of the euro-mark contracts rose by

more than ten basis points, with short sterling contracts also making good gains. A small fall in the South African foreign exchange reserves for January set back hopes of an early relaxation in exchange controls...

The dollar's rally during Asian trading from a three week low of Y104.65 was prompted by reports that the Bank of Japan had been checking rates at that area...

The setback to confidence came in the form of German output data last week which cast doubt on the more bullish forecasts for German rates. Mr Persaud said this might well be the "pause which refreshes", because the market was not as long dollars as it had been...

Sterling



Against the D-Mark (DM per £)

was "scant evidence that we are going to seek increased risk appetite any time soon." The market remains haunted by the dollar's performance in recent years when it flattered, only later to deceive...

Mr Dave Abramson, currency strategist at the Bank Credit Analyst in Montreal, said: "Until the foreign inflation plays itself out, there is not going to be much downside to the dollar..."

Mr Abramson said Y100 and DM100 would probably be the floor for the dollar, because before it sunk that low, speculators would come in and buy it, confident that the central banks would back them. Mr Tim Stewart, currency strategist at Morgan Stanley in New York, said he remained

confident the dollar would rally further. "G3 support is still strongly in favour of a stronger dollar, and part of that is to avoid European recession. It is not in Germany or Europe's interest to see the dollar go down..."

Mr Stewart said that German rates were set to fall further, and the fall in US rates would not keep pace. While the Japanese economy is clearly gathering steam, he said this was not incompatible with the discount rate staying at current levels.

He said stronger growth could well help the dollar, because it would support company profits and the Nikkei, which would make Japanese institutions more likely to invest abroad.

WORLD INTEREST RATES

Table of Money Rates for February 7, showing overnight, one month, three months, six months, one year, and longer term rates for various countries including Belgium, France, Germany, Ireland, Italy, Netherlands, Switzerland, US, and Japan.

Table of LIBOR NY London Interbank Floating rates for February 7, including US Dollar CDs, Euro LIBOR, and SDR LIBOR.

Table of EURO CURRENCY INTEREST RATES for February 7, showing short term, 7 days, one month, three months, six months, and one year rates for various European currencies.

POUND SPOT FORWARD AGAINST THE POUND

Table showing closing mid-point, change on day, bid/offer spread, and forward rates for various currencies against the pound, including Europe, Denmark, Germany, Finland, France, Italy, Japan, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing closing mid-point, change on day, bid/offer spread, and forward rates for various currencies against the dollar, including Europe, Denmark, Germany, Finland, France, Italy, Japan, etc.

CROSS RATES AND DERIVATIVES

Table showing exchange rates for various currencies, including DM, SF, S, Y, and other derivatives.

UK INTEREST RATES

Table showing UK interest rates for various terms, including overnight, 7 days, one month, three months, six months, and one year.

EMU EUROPEAN CURRENCY UNIT RATES

Table showing EMU European currency unit rates for various countries, including Spain, Netherlands, Belgium, Austria, Germany, Portugal, Denmark, and France.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies, including Adom & Company, Allied Trust Bank, etc.

EMU EUROPEAN CURRENCY UNIT RATES (continued)

Table showing EMU European currency unit rates for various countries, including Greece, Ireland, Italy, Luxembourg, etc.

EXCHANGE CROSS RATES

Table showing exchange rates for various currencies, including Belgium, Denmark, Germany, Finland, France, Italy, Japan, etc.

D-MARK FUTURES (DM 125,000 per DM)

Table showing D-Mark futures prices and changes for various months, including Mar, Jun, and Sep.

JAPANESE YEN FUTURES (¥12.5 per ¥100)

Table showing Japanese Yen futures prices and changes for various months, including Mar, Jun, and Sep.

SWISS FRANC FUTURES (SFR 125,000 per SFR)

Table showing Swiss Franc futures prices and changes for various months, including Mar, Jun, and Sep.

STERLING FUTURES (£125,000 per £)

Table showing Sterling futures prices and changes for various months, including Mar, Jun, and Sep.

PRELIMINARY 90 DAY EURO CURRENCY RATES

Table showing preliminary 90 day Euro currency rates for various currencies, including DM, SF, S, Y, etc.

THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

Table showing three month Sterling futures prices and changes for various months, including Mar, Jun, and Sep.

D-MARK FUTURES (DM 125,000 per DM)

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SHORT STERLING OPTIONS (LIFE) £500,000 points of 100%

Table showing short Sterling options prices and changes for various months, including Mar, Jun, and Sep.

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EMU EUROPEAN CURRENCY UNIT RATES

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LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector.

BUILDING MATS. & MERCHANTS - Cont.

Continuation of Building Mats. & Merchants table.

CHEMICALS

Table listing companies in the Chemicals sector.

DISTRIBUTORS

Table listing companies in the Distributors sector.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector.

ELECTRICITY

Table listing companies in the Electricity sector.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of Electronic & Electrical Eqpt table.

ENGINEERING

Table listing companies in the Engineering sector.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries table.

FOOD PRODUCERS

Table listing companies in the Food Producers sector.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector.

HEALTH CARE

Table listing companies in the Health Care sector.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods table.

INSURANCE

Table listing companies in the Insurance sector.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

Table listing companies in the Investment Trusts sector (continued).

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts table.

Table listing companies in the Investment Trusts sector (continued).

INV TRUSTS SPLIT CAPITAL

Table listing companies in the Inv Trusts Split Capital sector.

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LONDON SHARE SERVICE

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INV TRUSTS SPLIT CAPITAL - Cont.

Table listing various investment trusts with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued).

LIFE ASSURANCE

Table listing life assurance companies with columns for Name, Price, and % Change.

MEDIA

Table listing media companies with columns for Name, Price, and % Change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for Name, Price, and % Change.

OTHER FINANCIAL

Table listing other financial companies with columns for Name, Price, and % Change.

OTHER FINANCIAL - Cont.

Table listing other financial companies (continued).

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies (continued).

PROPERTY

Table listing property companies with columns for Name, Price, and % Change.

PROPERTY - Cont.

Table listing property companies (continued).

RETAILERS, FOOD

Table listing food retailers with columns for Name, Price, and % Change.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, and % Change.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued).

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Change.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued).

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for Name, Price, and % Change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for Name, Price, and % Change.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Change.

TRANSPORT

Table listing transport companies with columns for Name, Price, and % Change.

WATER

Table listing water companies with columns for Name, Price, and % Change.

AIM

Table listing AIM companies with columns for Name, Price, and % Change.

AIM - Cont.

Table listing AIM companies (continued).

AMERICANS

Table listing American companies with columns for Name, Price, and % Change.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and % Change.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and % Change.

Advertisement for 'Visible trade set to grow on 7th March 1996' featuring a videoconferencing seminar.

GUIDE TO LONDON SHARE SERVICE

Detailed guide explaining the London Share Service, including company classifications, price listings, and reporting services.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda (SIB Recognised) funds including Fidelity Currency Funds Ltd, Fidelity International Growth Fund, and others.

BERMUDA (REGULATED)**

Table listing Bermuda (Regulated) funds including Bermuda Intl Investment Mgmt Ltd, Bermuda Intl Investment Mgmt Ltd, and others.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds including ABI Investment Management (Guernsey) Ltd, ABI Investment Management (Guernsey) Ltd, and others.

IRELAND (SIB RECOGNISED)

Table listing Ireland (SIB Recognised) funds including ABI Fund Management Ltd, ABI Fund Management Ltd, and others.

GUERNSEY (REGULATED)**

Table listing Guernsey (Regulated) funds including ABC Mgmt Co (Guernsey) Ltd, ABC Mgmt Co (Guernsey) Ltd, and others.

Business Flight Select Funds Plc

Table listing Business Flight Select Funds Plc funds including Business Flight Select Funds Plc, Business Flight Select Funds Plc, and others.

Chemical Ireland Fund Administration Ltd

Table listing Chemical Ireland Fund Administration Ltd funds including Chemical Ireland Fund Administration Ltd, Chemical Ireland Fund Administration Ltd, and others.

Isle of Man (SIB RECOGNISED)

Table listing Isle of Man (SIB Recognised) funds including AXA Equity & Low Yield Fund, AXA Equity & Low Yield Fund, and others.

Jersey (SIB RECOGNISED)

Table listing Jersey (SIB Recognised) funds including ABI Fund Managers (CI) Ltd, ABI Fund Managers (CI) Ltd, and others.

Jersey (REGULATED)**

Table listing Jersey (Regulated) funds including Barclays Intl Funds, Barclays Intl Funds, and others.

Luxembourg (SIB RECOGNISED)

Table listing Luxembourg (SIB Recognised) funds including ABI AMRO Funds (S), ABI AMRO Funds (S), and others.

Luxembourg (REGULATED)**

Table listing Luxembourg (Regulated) funds including Allianz International Growth Fund, Allianz International Growth Fund, and others.

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Main table containing various fund listings with columns for fund name, price, and change. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

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MANAGED FUNDS NOTES: Please see the notes on pages 24 and 25 regarding fund prices and currency conversions.

LONDON STOCK EXCHANGE

MARKET REPORT

Earnings worries take the shine off Footsie

By Philip Coggan, Markets Editor

Worries about the effect on corporate profits growth of the slowing world economy hit share prices in London yesterday, in spite of a positive lead from Wall Street and international bond markets.

Analysts are still revising down their forecasts for 1995 earnings growth and are also trimming their optimism about the outlook for 1996. A significant problem is that, on top of the slowdown in the UK, economies in Europe and the US are also looking weak.

on Tuesday. At its best, shortly after the opening, the Footsie was 10.5 points higher at 3,752.0. But the initial gain soon dissipated, in spite of another spurt of bid activity, with the announcement of an offer for Lloyds Chemists from Gehe, of Germany, rivaling an earlier bid from Unichem.

market, and furthermore, not even a good day for gilts helped equities. Tuesday's US Treasury bond auction was completed successfully, prompting a wave of relief in international bond markets, and the benchmark 10-year gilt finished around a third of a point higher.

important corner." As a result of this, equity valuations have got stretched relative to bonds. Mr Wilson of NatWest points out that the yield on the All-Share index has got dangerously close to the real yield on index-linked gilts, normally a warning sign for shares.

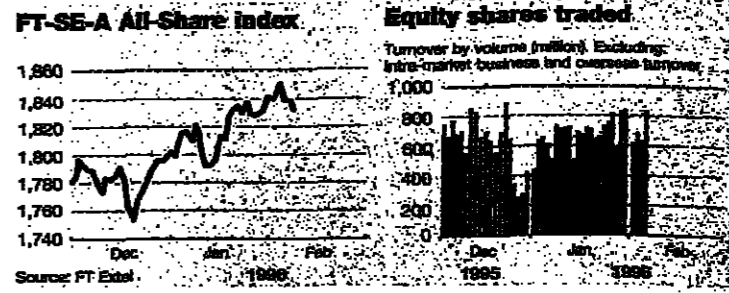


Table with 2 columns: Indices and ratios, and Equity shares traded. It lists various indices like FT-SE 100, FT-SE Mid 250, and their respective values and changes. It also lists top performing sectors like Health Care and Gas Distribution.

Airbus worries hit BAE

Leading engineers had a torrid day, with GKN, British Aerospace and TI Group accounting for the bottom three slots in the Footsie rankings.

Bid tussle The market braced itself for a fierce bid battle for Lloyds Chemists, after German group Gehe finally launched a counter-offer for the retail pharmacy chain, topping Unichem's agreed share and cash offer.

group which owns the Daily Express newspaper, jumped as takeover chatter returned. Dealers suggested Sir Andrew Lloyd Webber, the composer and entrepreneur, was poised to pay some £300m for the Express, Sunday Express and Daily Star newspapers.

traded, as dealers continued to take a view on Tuesday's demerger announcement. Along with volume of 14m shares in the equity market, the equivalent of a further 12m shares changed hands in the form of traded options.

to 220p after the group announced it was buying two companies for £30.7m. It intends to raise £15.3m in one-for-four rights issue at 185p per share.

John Waddington, the games company, was heavily traded as Wise Speke, the Newcastle based broker placed 5.4m shares, which represented a 5.2 per cent stake in the company, at 190p a share.

Table titled 'FUTURES AND OPTIONS' showing data for FT-SE 100 INDEX FUTURES (LIFFE) and FT-SE 100 INDEX OPTION (LIFFE). It includes columns for Open, Settle, Change, High, Low, and Volume.

So far BAE, which has a 20 per cent stake in the European aircraft-making consortium, has made no comment. But calculations among City analysts suggest any project of this size could involve BAE in outlays of up to £1.5bn.

Europe's largest drugs wholesaler pitched its cash bid at 450p a share for the ordinary stock, against Unichem's offer for the ordinary shares which, when valued at last night's close, stood at 408p a share.

British Gas was heavily traded, as dealers continued to take a view on Tuesday's demerger announcement. Along with volume of 14m shares in the equity market, the equivalent of a further 12m shares changed hands in the form of traded options.

Among building materials stocks glass giant Pilkington jumped 5 to 206p, on a sizeable order, to top the day's Footsie rankings. In contrast, Caradon retreated 12 to 216p in 2.9m traded.

A broker's recommendation helped international drinks and retailing group Allied Domecq shake off Tuesday's decline which followed the group's second profits warning in seven months.

The shares firmed 4 1/2 to 511p, in trade of 3.6m, after NatWest Securities upgraded its recommendation from "hold" to "add".

Table titled 'TRADING VOLUME' showing Major Stocks Yesterday. It lists various stocks and their trading volumes in thousands of shares.

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Advertisement for Berkeley Futures Limited, offering futures and options trading services. It lists various markets and provides contact information.

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Advertisement for FT-SE Actuaries All-Share, providing data on the All-Share index. It includes a table of index performance and contact information.

Advertisement for Trend Analysis Ltd, offering daily analysis and trading recommendations. It includes contact details and a list of services.

Advertisement for FT-SE Actuaries 350 Industry Baskets, providing data on various industry baskets. It includes a table of baskets and their performance.

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Advertisement for FT-SE Actuaries All-Share, providing data on the All-Share index. It includes a table of index performance and contact information.

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WORLD STOCK MARKETS

Handwritten note in Arabic script: "هذا المرفق"

EUROPE section containing stock market data for Australia, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Japan, Korea, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Taiwan, Thailand, and the UK.

EUROPE section containing stock market data for Austria, Czech Republic, Finland, Hong Kong, India, Indonesia, Malaysia, Mexico, New Zealand, Singapore, South Africa, South Korea, Taiwan, Thailand, and the UK.

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INDICES section containing various market indices such as Australia, Canada, Europe, Japan, Korea, and the UK.

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INDICES section containing various market indices such as Australia, Canada, Europe, Japan, Korea, and the UK.

INDEX FUTURES section containing data for various futures contracts.

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Small print at the bottom of the page containing legal disclaimers and publication information.

1 pm February 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Table of stock prices for various companies, including columns for stock name, price, and change.

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Advertisement for BE OUR GUEST HILTON, featuring the Hilton logo and promotional text.

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NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, change, and volume. Includes sub-sections for 'Change from previous page' and 'U'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market listing various stocks with columns for stock name, price, change, and volume. Includes sub-sections for '-K-', '-L-', '-M-', '-N-', '-O-', '-P-', '-Q-', '-R-', '-S-', '-T-', '-U-', '-V-', '-W-', '-X-', '-Y-', '-Z-'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, change, and volume.

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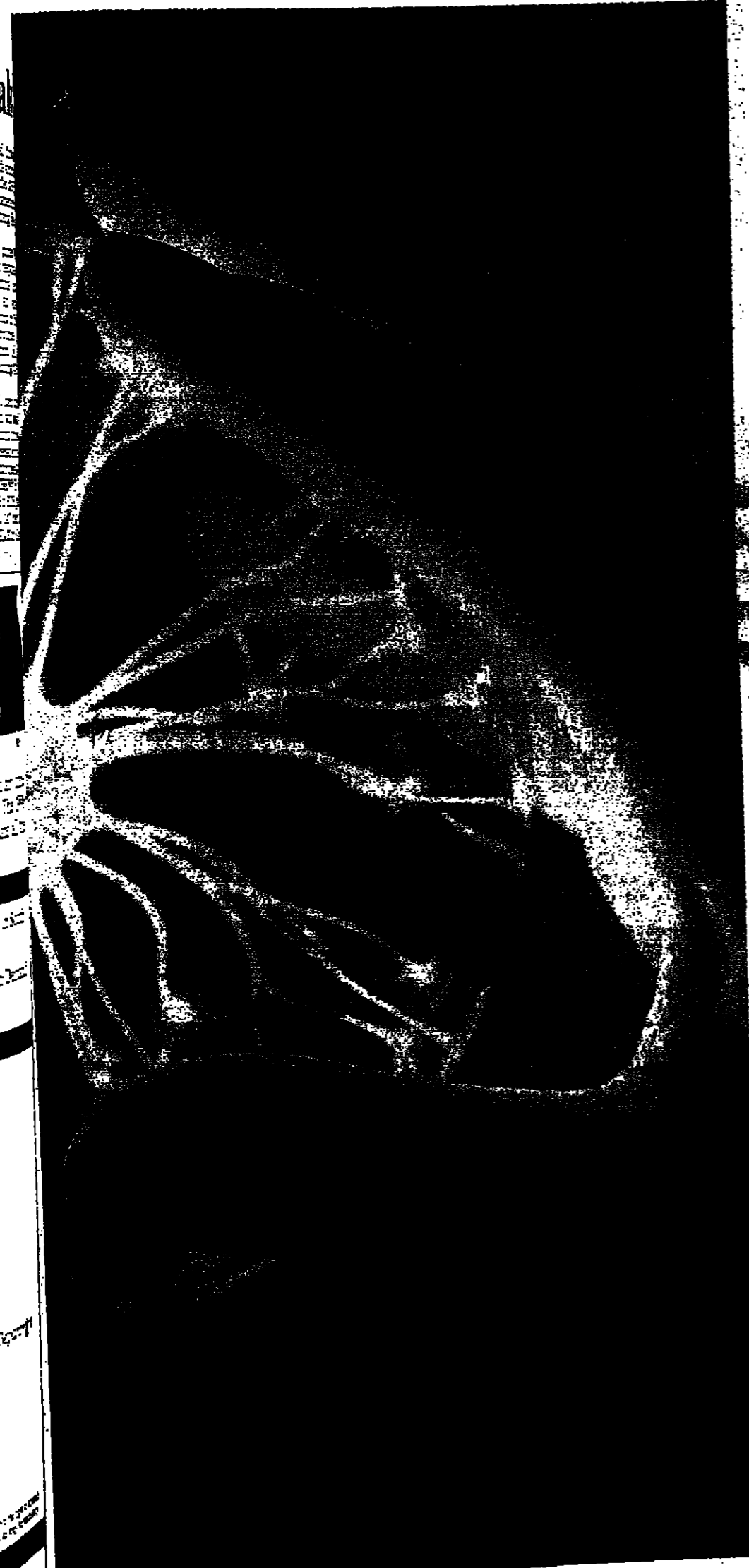
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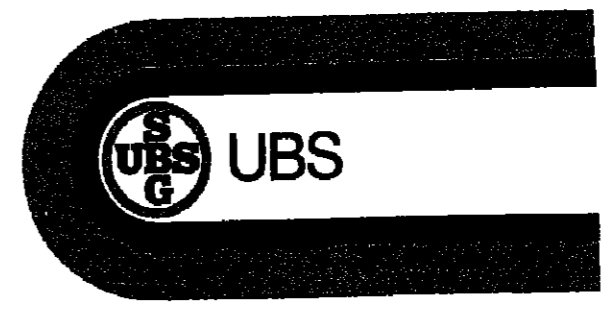
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July 1995	December 1995	March 1995	February 1995	June 1995	September 1995	December 1995
<p>Municipality of Amsterdam</p> <p>Sale of Kabeltelevisie Amsterdam BV to Philips Media Networks BV and West International BV</p> <p>Financial Adviser UBS Limited</p>	<p>National Grid Group</p> <p>Global Offering of 181,000,000 Ordinary Shares at 208p each</p> <p>Joint Global Co-ordinator Union Bank of Switzerland</p>	<p>National Power PLC and PowerGen plc</p> <p>Global Offering of 492.3 million Shares of National Power at 486p each 313 million Shares of PowerGen at 522p each</p> <p>International Manager UBS Limited</p>	<p>Nokia Corporation</p> <p>£166 million, early redemption of ICL preference shares</p> <p>Financial Adviser UBS Limited</p>	<p>Portucel Industrial</p> <p>Offering of 34,800,000 Ordinary Shares at PTE 1,040 each</p> <p>International Joint Lead Manager UBS Limited</p>	<p>Swiss Telecom PTT</p> <p>Independent Valuation Opinion for Swiss Telecom PTT in Connection with the Proposed Acquisition of a Strategic Stake in Belgacom S.A.</p> <p>Valuation Adviser UBS Limited</p>	<p>UIC/SOFAL</p> <p>FF 1.7 billion Securitisation</p> <p>Sole Arranger Union Bank of Switzerland</p>
			<p>May 1995</p> <p>Nokia Maillifer S.A. Switzerland</p> <p>Secondary placement of 180,000 bearer shares at SFr 610 each</p> <p>Lead Manager and Sole Underwriter Union Bank of Switzerland</p>	<p>June 1995</p> <p>Portugal Telecom</p> <p>Offering of 51,800,000 Ordinary Shares at PTE 2,800 each</p> <p>Joint Global Co-ordinator Union Bank of Switzerland</p>	<p>December 1995</p> <p>TAG Heuer S.A.</p> <p>SFr 415 million, Acquisition Financing Facilities</p> <p>Lead Arranger and Faculty Agent Union Bank of Switzerland</p>	<p>December 1995</p> <p>Ulysses Securitisation plc</p> <p>Advising the NTMA in Connection with IR£ 140 million Bullet Transaction</p> <p>Lead Manager UBS Limited</p>
			<p>September 1995</p> <p>NV Bank Nederlandse Gemeenten</p> <p>SFr 150 million, Bonds 1995-2001</p> <p>Lead Manager Union Bank of Switzerland</p>	<p>November 1995</p> <p>Rentenanstalt/Swiss Life</p> <p>SFr 634 million, Convertible Bonds Issue due 1998</p> <p>Adviser and Sole Underwriter Union Bank of Switzerland</p>	<p>June 1995</p> <p>Tauernkraftwerke AG</p> <p>SFr 130 million, Notes 1995-1998</p> <p>Joint Book Runner Union Bank of Switzerland</p>	<p>June 1995</p> <p>Unilever NV</p> <p>US\$200 million, Eurobond due 2005</p> <p>Joint-Lead Manager UBS Limited</p>
			<p>June 1995</p> <p>Oesterreichische Postsparkasse PSK</p> <p>SFr 100 million, Bonds 1995-2005</p> <p>Lead Manager Union Bank of Switzerland</p>	<p>October 1995</p> <p>Rheinische Hypothekbank</p> <p>DEM 2.5 billion, Bearer Bonds (Öffentliche Pfandbriefe) of 1995-2001</p> <p>Joint-Lead Manager and Joint Book Runner Union Bank of Switzerland</p>	<p>September 1995</p> <p>Telefónica</p> <p>Global Offering of 26,135,111 Shares at PTAs 1,637 each</p> <p>Continental European Lead Manager UBS Limited</p>	<p>August 1995</p> <p>Unitech</p> <p>Placement of 17,240,650 Ordinary Shares at £4.40 each on behalf of Saurer Ltd</p> <p>Sole Book Runner and Co-ordinator UBS Limited</p>
			<p>November 1995</p> <p>Omnitel Pronto Italia S.p.A.</p> <p>Lit. 1,800 billion, Project Financing Facilities</p> <p>Arranger, Facility Agent and Security Trustee Union Bank of Switzerland</p>	<p>June 1995</p> <p>The Royal Bank of Scotland plc</p> <p>£125 million, Subordinated FRNs due 2005</p> <p>Lead Manager UBS Limited</p>	<p>June 1995</p> <p>Telenor</p> <p>US\$500 million, Revolving Credit Facility</p> <p>Joint Arranger Union Bank of Switzerland</p>	<p>February 1995</p> <p>USINOR SACILOR</p> <p>Privatisation FF 11.5 billion, International Offering</p> <p>Co-Lead Manager Union Bank of Switzerland</p>
			<p>January 1995</p> <p>Oy Rettig Ab</p> <p>Sale of tobacco business Oy P.C. Rettig Ab to R.J. Reynolds Tobacco International, Inc.</p> <p>Financial Adviser UBS Limited</p>	<p>August 1995</p> <p>Sondel Società Nordelettrica S.p.A.</p> <p>Lit. 250 billion, Revolving Credit Facility</p> <p>Sole Arranger Union Bank of Switzerland</p>	<p>July 1995</p> <p>The Tetley Group</p> <p>£146 million, Acquisition Financing Facilities</p> <p>Lead Arranger Union Bank of Switzerland</p>	<p>July 1995</p> <p>Winterthur Finance Ltd</p> <p>SFr 563 million, Convertible Bond Issue, 1995-1998</p> <p>Lead Manager Union Bank of Switzerland</p>
			<p>August 1995</p> <p>Pearson plc</p> <p>£325 million, Multi-Option Facility</p> <p>Joint Arranger Union Bank of Switzerland</p>	<p>October 1995</p> <p>South Wales Electricity plc</p> <p>£150 million, Eurobond Issue due 2020</p> <p>Sole Lead Manager UBS Limited</p>	<p>September 1995</p> <p>Thomson S.A.</p> <p>US\$400 million, Revolving Credit Facility</p> <p>Joint Arranger Union Bank of Switzerland</p>	<p>January 1995</p> <p>Yorkshire Electricity Group plc</p> <p>£200 million, Eurobond due 2020</p> <p>Lead Manager UBS Limited</p>
			<p>June 1995</p> <p>Philips Electronics N.V.</p> <p>US\$1 billion, Revolving Credit Facility</p> <p>Sole Arranger Union Bank of Switzerland</p>	<p>July 1995</p> <p>South West Water</p> <p>£70 million, Acquisition of Blue Circle Waste Management</p> <p>Sole Financial Adviser UBS Limited</p>		

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COMMENT & ANALYSIS



Peter Martin

Why Apple is boxed in

The computer company's popular brand should give it a big advantage but it has been hampered by its failure to adapt to the industry standard

Q: What is more powerful than a brand? A: A standard. This is the principal lesson of Apple Computer's woes...

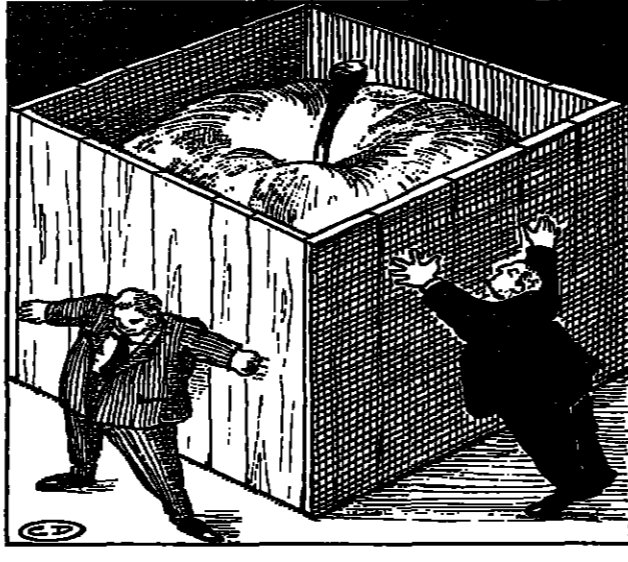
Apple has built one of the most impressive brands in the computer industry... Bill Gates of Microsoft...

In his book 'The Road Ahead', Gates provides a lucid description of how the standards effect works...

Price. An innovative product can usually command a premium price. But a would-be standard-setter cannot afford to exploit that potential...

Open-mindedness works both ways: successful standards-setters, like Sun, are also willing to adopt others' standards rapidly...

In the 1980s and 1970s, IBM established a proprietary standards chief in the 1992 election and whose father is a Greek Orthodox priest...



BOOK REVIEW · Jurek Martin

PRIMARY COLORS - A NOVEL OF POLITICS: By Anonymous Random House, \$24, 366pp

A moral message on electing presidents

Little Rock (Mammoth Falls) who put down "bimbo eruptions" in 1992. The book sticks closely to the events of that year...

Other real-life characters are instantly recognisable. Richard Jemmons is James Carville, the foul-mouthed campaign genius...

Seasoned overseas politicians such as Lord Owen, the European Union's mediator in Bosnia...

Pfizer forum

Health Care Reform: The Challenge for Japan

BY ROBERT NEIMETH

Every developed country is struggling to control health care spending through a variety of regulatory approaches.

The end of the twentieth century coincides with the end of an era in health care. The day of the universal state-run health care system...

Surveying the international scene, we see two potential directions for health care reform. One is a cost-driven model which seeks to impose decisions on the patients from above.

When information, therapies and people can move freely, any attempt to ration health care is bound to fail.

Perhaps Japan can find a better way. A key may be to build on the distinctive strengths of the Japanese economy and the Japanese culture...

We have seen the earliest reform proposals from the Japanese government. While some, like premium pricing for innovative drugs, are promising...

approach to reimbursement, and proposals to mandate generic pricing, suggest that old thinking holds sway.

The health care system of the next century should be one in which we see continual quality improvements coupled with lower total costs and more choices for consumers.



LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL We are keen to encourage letters from readers around the world.

Tough penalties way to cut late payments

From Mr Jan Erik Paulsen. Sir, The conclusions drawn by the Association of British Factors and Discounters from its European survey on late payment confirms the old adage that a little knowledge can be a dangerous thing.

Apple strong in Europe

From Mr Marco Landi. Sir, In general Apple does not comment on articles about Apple which appear in the press.

Nothing hysterical about British reaction to Kohl

From Mr Nicholas Aylott. Sir, Ian Davidson rightly identifies contradictory British reaction to Chancellor Kohl's speech in Louvain.

Legal task faces Georgia

From Professor Michael Singer. Sir, John Lloyd's article 'Symbol of Georgia tries to keep the faith'...



FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Thursday February 8 1996

The terms of UN survival

Five years after the end of the cold war, and the ensuing wave of optimism over the UN as an instrument for tackling global problems, the organisation is fighting for its life. While previous reports of the UN's death have turned out to be exaggerated, the facts spelled out this week by Mr Boutros Boutros Ghali, the secretary general, are stark enough to concentrate the most sceptical of minds.

A country losing competitiveness

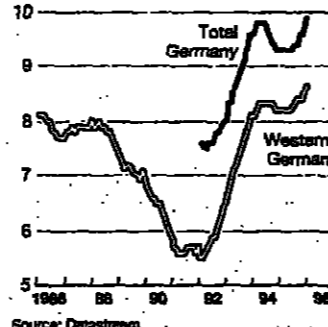
Germany faces hard choices after today's jobless rise, says Wolfgang Münchau

When Germany learns later today that unemployment rose to a post-war record of over 4m in January, it will fuel the raging debate over the country's competitiveness.

economy [the social partners] are neither entitled nor in the position to decide on the number of people employed.

German unemployment

As a % of total labour force



The proposal explicitly acknowledges the link between unemployment and wages - the first time this has been done by a union leader.

But although Mr Zwickel's 'alliance for jobs' has been derided by most experts, it has been well-received by the public and politicians. It appears to have captured the attention of a public still eager to find a consensus way out of the employment crisis.

Reform in Japan

After years of ruling the Japanese roost, the country's finance ministry faces the humiliating prospect of being cut down to size. Yesterday's decision by Mr Ryutaro Hashimoto, the prime minister, to support a study into the ministry's possible breakup, is only a small step on a long road. But it marks an irreversible break with the past because it ends the myth of the 'Ministry's invincibility'.

the boom and bust of the property market. Angry taxpayers are now being asked to pay ¥685bn towards rescuing housing loan companies. They could face more such bills.

Blair's big ideas

Constitutional reform is the closest the New Labour party gets to spelling out a 'big idea'. Its promises in this area are specific, and, even more unusual, radically different from the government's. But, though voters have been told what constitutional changes a Labour administration would propose, there has been little effort to explain why they are needed.

"sleaze" and a written Bill of Rights. Namely, that each would, in various ways, reduce the centre's hold on power and make the system more responsive to citizens' demands.

The regional breakdown

Table showing regional breakdown of unemployment in Germany as of December 1995. Columns include region, number of unemployed, and percentage of workforce. Regions include Hamburg, Bremen, Lower Saxony, North Rhine-Westphalia, Hesse, Saarland, Rhineland-Palatinate, Baden-Wuerttemberg, Schleswig-Holstein, Mecklenburg-Vorpommern, Berlin, Brandenburg, Saxony, Saxony-Anhalt, Thuringia, and Bavaria.

B is for boring?

Poor little Bonn. First Pauline Neville-Jones, the most senior woman in the UK Foreign Office, interprets the offer of the ambassadorship to this particular small town in Germany as her cue to leave the diplomatic service.

the relationship between the two governments, with Bill Clinton and Helmut Kohl more than usually jolly just at the moment.

Slippery slope

As the Spanish city of Granada gears up for the World Alpine Skiing Championships, due to begin in the nearby Sierra Nevada resort on Sunday, it seems that winter sports are not winning friends among all the local inhabitants.

how, the weekend before last, he was begging "in a dignified fashion and without bothering anyone" outside a church, when "two individuals offering no identification and with mobile phones" took him away.

Urban matters

Hazardous business, being a journalist in Poland. Jerzy Urban, the editor of Nis, a satirical weekly, was this week found guilty of breaking state secrecy laws. His punishment from a local Warsaw court? A complete ban on his editing or writing in newspapers for a year. He also picked up a 10,000 zloty (\$4,000) fine and a year's suspended prison sentence.



Battle for jobs: workers from Daimler-Benz Aerospace protest against the proposed closure of a plant at Speyer under a restructuring plan

The tide turns against Speyer

Like many residents of Speyer, a small town on the Rhine in southwest Germany, Karl-Adolf Fischer is finding the rise in German unemployment a new experience. As an assistant at the local employment office, his main problem in the past has been to find skilled workers to fill the vacancies in Speyer's factories. The state in which the town lies, Rhineland-Palatinate, has been used to prosperity and is home to many of the country's successful Mittelstand companies, renowned in such industries as engineering.

Financial Times

OBSERVER

100 years ago

Railways in China Shanghai: The Cantonese Taoist Hsu yin-sang, a brother of the president and one of the great Boards at Peking and nominee of the Princes of Kung and Ching, has just signed a contract with Colonel Jeffries, representing an Anglo-American syndicate, for the construction of a broad gauge railway between Hankow and Peking. The contract provides for many valuable sub-concessions, valid for the next fifty years, and must be regarded as marking the real beginning of railway construction in China.

50 years ago

Mexican Eagle Oil pact An agreement between Britain and Mexico, signed at Mexico City yesterday, provides for the valuation of the properties rights and interests of British subjects in the expropriated Mexican Eagle oil company and its subsidiaries. The valuation is to be made by experts within a year and the amount of compensation they decide upon will be paid in US dollars. Payment will be completed within seven years.

Makes no cents

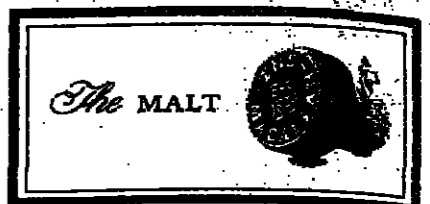
Good to see that the Federal Reserve is going to such lengths to protect the consumer. This being a leap year, the Fed has ruled that banks can calculate the interest on customers' accounts using either 365 or 366 days as a basis - but only if the account is opened before 29 February. Otherwise, they have to use a 365-day year, which means banks have to pay out more in interest.

Yesterday, even Gazeta



FINANCIAL TIMES

Thursday February 8 1996



Influential journal ranks most powerful tycoons Oil barons and bankers top Russian business list

By Chrystia Freeland in Moscow

Oil barons and an aggressive new breed of bankers dominate a league ladder of Russia's most powerful business leaders published this week by an influential financial journal.

The most powerful 10

- 1. Fyodor Lukashin, Gazprom
- 2. Mikhail Khodorkovsky, Menatep
- 3. Vadim Alekperov, Lukoil
- 4. Vladimir Potanin, Okeanbank
- 5. Vladimir Gussinsky, Most
- 6. Boris Berezovsky, Logovaz
- 7. Alexander Smolensky, Stolichnaya
- 8. Bank
- 9. Vladimir Vinogradov, Inkombank
- 10. Sergei Rodionov, Imperial
- 11. Yakov Dubinetsky, Promstrobank

33-year-old president of Menatep, is ranked second, Mr Vladimir Potanin, the 34-year-old president of Okeanbank, is fourth and Mr Vladimir Gussinsky, the flamboyant former theatre director who runs Most bank and owns much of Russia's liberal media, is fifth.

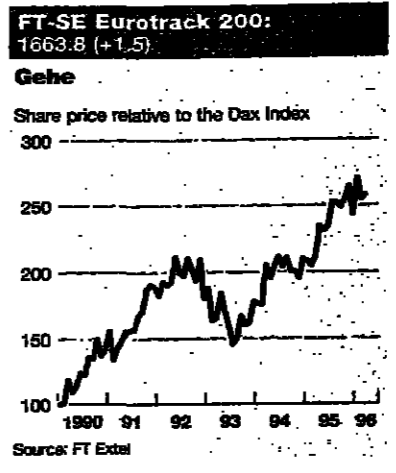
US-style talks urged for N Ireland

By John Murray Brown in Dublin and John Kampfer and Jimmy Burns in London

The government of the Republic of Ireland yesterday proposed a Bosnia-style conference to persuade Northern Ireland's political parties to agree an agenda for all-party talks.

THE LEX COLUMN Ringing Packard's Bell

Yesterday's announcement from Packard Bell of its reincarnation as a "global computer powerhouse" is a study in obfuscation.



But even if it pulls off the refinancing, GPA's wings will still have been drastically clipped.

The surprise announcement by Mr Dick Spring, deputy prime minister and foreign minister, came after talks with Sir Patrick Mayhew, chief Northern Ireland minister in the British government, and received a cool response from British ministers.

and Barrett, its healthfood chain, looks attractive, but its struggling drugstore operation could prove difficult to sell.

UK pensions
What is striking about Mr Peter Lilley's attack on the Labour party's pensions policy is that the argument is taking place on common ground.

Gramm's US presidential bid hit by Buchanan poll victory

By Jurek Martin in Washington

Senator Phil Gramm's campaign for the Republican party's presidential nomination appeared on the rocks yesterday following a severe defeat at the hands of Mr Patrick Buchanan on Tuesday night's Louisiana party caucuses.

Even worse for Mr Gramm as he heads for Iowa was the fact that he was in Louisiana on Tuesday and not in the Senate as it debated the farm bill.

cotted Louisiana so as not to offend voters in Iowa and New Hampshire. So did most of the state's 485,000 registered Republicans, many of whom said they were unaware the caucuses were even being held.

Lloyds Chemists

Yesterday's counter-offer for Lloyds Chemists from Germany's Gehe leaves UniChem in a sticky situation.

GPA

GPA Group, the Irish aircraft leasing company, is once again staring into the abyss.

BT/Viag/RWE

In pursuing its international strategy, BT is developing a fondness for "casade" shareholdings.

Tokyo study

Continued from Page 1
assume that the immediate aim of the finance ministry review is more crude: to deflect public attention from politicians' own role in the *Yusen* mess.

Brussels shelves pensions portability plan

Continued from Page 1
legislation that would make private pensions portable.

who supported the drawing up of proposals were the two French commissioners, plus the Dutch, Greek and Danish.

WEATHERGUIDE

Europe today

A weak frontal zone over the eastern UK will move east, giving way to brighter or clearer skies. A new frontal zone will move in from the south-west, producing cloud, rain and wind in Ireland. The previous frontal zone will bring cloud and occasional light rain to France and snow to the Alps. Spain, Portugal and northern Italy will be rather sunny. Southern Italy, Greece and Turkey will have numerous heavy showers. The Balkans will be cloudy with snow and there will be a strong gale along the Black Sea coast. Storm force winds are expected south of Sicily. Poland and parts of Russia will be mostly sunny but cold. Southern Scandinavia will be sunny but there will be snow further north.

Five-day forecast

A high pressure system will remain over north-eastern Europe bringing little change to this region. An active low pressure system will reach the British Isles by Friday, producing snow followed by showers over the Benelux and Germany. Spain and Portugal will be dry although showers are expected on the northern coast. The central and eastern Mediterranean will remain unsettled with showers.

TODAY'S TEMPERATURES

Abu Dhabi	sun	25
Accra	sun	32
Algiers	show	15
Amsterdam	sun	14
Athens	show	14
Atlanta	show	15
S. Ares	sun	29
Baham	sun	31
Bangkok	sun	31
Barcelona	sun	14
Cairo	sun	21
Cape Town	sun	28
Caracas	sun	29
Cardiff	sun	5
Casablanca	sun	17
Chicago	sun	7
Cologne	sun	4
Dakar	sun	22
Dallas	sun	22
Dubai	sun	25
Delhi	sun	21
Dubai	sun	25
Dublin	sun	5
Dubrovnik	sun	8
Edinburgh	sun	3
Faro	sun	17
Frankfurt	sun	5
Geneva	sun	17
Gibraltar	sun	16
Glasgow	sun	4
Hamburg	sun	4
Helsinki	sun	22
Hong Kong	sun	21
Honolulu	sun	28
Istanbul	sun	5
Jakarta	sun	29
Jersey	sun	4
Karachi	sun	31
Kuwait	sun	23
L.Angels	sun	24
Las Palmas	sun	21
Lima	sun	27
Lisbon	sun	15
London	sun	3
Luxbourg	sun	3
Lyon	sun	3
Madeira	sun	12
Madrid	sun	12
Majorca	sun	14
Malta	sun	2
Manchester	sun	3
Marilla	sun	30
Medan	sun	29
Mexico City	sun	11
Miami	sun	19
Milan	sun	5
Montreal	sun	8
Moscow	sun	29
Munich	sun	4
Nairobi	sun	29
Naples	sun	8
Nassau	sun	25
New York	sun	21
Nice	sun	12
Nicosia	sun	15
Oslo	sun	3
Paris	sun	3
Perth	sun	32
Prague	sun	12
Rangoon	sun	12
Reykjavik	sun	14
Rio	sun	22
Rome	sun	3
S. Francisco	sun	17
Singapore	sun	30
Stockholm	sun	7
Strasbourg	sun	0
Sydney	sun	30
Taipei	sun	16
Tel Aviv	sun	25
Tokyo	sun	10
Toronto	sun	1
Ulaanbaatar	sun	-1
Venice	sun	3
Vienna	sun	-8
Warsaw	sun	-11
Washington	sun	9
Wellington	sun	18
Winnipeg	sun	-6
Zurich	sun	1

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This announcement appears as a matter of record only.

Trinity International Holdings plc

Acquisition of certain UK regional newspaper interests of

The Thomson Corporation

for a total consideration of £327.5 million

and

underwritten 1 for 1 Rights Issue of 68,777,402 Stock Units at 280p per unit to raise £193 million

Baring Brothers

acted as financial adviser to Trinity International Holdings plc in this transaction and underwrote the Rights Issue

Member of ING GROUP

JANUARY 1996

مكتبة النور